



Ladies and Gentlemen,

Welcome to the second meeting of the Forum of Heads of Tax Crime Investigation

I would like to welcome you all on behalf of the OECD to this second meeting of the OECD Forum of Heads of Tax Crime Investigation.

It is quite fitting that this meeting is being held at Europol headquarters given its role as the EU's law enforcement agency and its close cooperation with law enforcement agencies around the world. We are pleased that Europol offered to host what promises to be an exciting event, and in particular for the opportunity for us to hear more about the work of Europol in fighting tax and other financial crime, and explore opportunities for us to work more closely together in the future.

As criminal activity becomes more complex and sophisticated, it is essential for law enforcement agencies to work together to deter, detect and disrupt criminal activity. And that is why the OECD established this Forum: to encourage that sort of collaboration to tackle tax crimes.

New technologies mean that now more than ever criminal activity can easily cross national borders and can make money disappear at the speed of light. The financial impact of tax crime is vast, but the effects go deeper than simple economics. The full cost of this crime weighs on normal people. Since the first meeting of this Forum last year in Istanbul, the issue of combating illicit flows has continued to gain political momentum and I am very happy to see so many of you here today from countries across all geographic regions, not just from our member countries. All countries face many of the same threats and those countries which are not currently facing some of these threats may very well have to confront them tomorrow. These issues are a key priority across the OECD, including through

our work to combat tax crime, to tackle bribery and corruption; to promote integrity in government and business; to address illicit trade in all its forms; and to support the global development agenda.

As heads of tax crime investigations, each of you has responsibility for addressing this threat in your country. Your perspectives on the key current and emerging risks that your countries face, and your strategies for tackling them are vital to improving the global effort against tax crimes. This Forum allows you to share those perspectives with your counterparts, learn from each other and identify ways in which working together you can achieve more than you can individually. But this Forum isn't just a talk shop. These two days are an opportunity to build a network of personal relationships that so often can make all the difference in enabling authorities across the globe to work together quickly and effectively to prevent, detect, investigate and prosecute crimes. Some of you have been asked to present your own country's experience in dealing with some of the key issues that tax crime investigators all over the world are facing, but the idea is for everybody here to add to these presentations by sharing their own perspectives.

In each session we will be asking you to consider how this Forum and the OECD through its Task Force on Tax Crime and Other Crime can build on these discussions to provide practical solutions to the issues raised. In Istanbul, two of the issues identified at the meeting as key priorities were professional advisers acting as enablers of criminal activity; and identity theft which enables criminal groups to make fraudulent claims for tax repayments in the names of unsuspecting and innocent people. At this meeting we will have the opportunity to explore these issues in detail and identify how we can work together to resolve them. This Forum provides you with a real opportunity to drive change in the fight against tax crime and I encourage all of you to make the most of it.

The OECD International Academy for Tax Crime Investigation

The starting point for an effective global strategy to tackling tax crime is in the sharing of information and skills to ensure that criminal investigators in all countries have access to the latest techniques to detect and investigate tax crime activity effectively. This is why, building on the success of our capacity building programme, the OECD this year launched its International Academy for Tax Crime Investigation. The first centre of this Academy was opened in June in Italy, and will be hosted by Italy's Guardia di Finanza at its advanced training school outside Rome. To date, 67 investigators and officials from 32 mostly developing countries have received intensive training through this programme, which has been led by experts from several of the countries around this table – Austria, Canada, Germany, Italy, the Netherlands, Norway and the United States – as well as from international organisations such as the IMF, Interpol and Europol. This is an extraordinary opportunity for us to build our combined strength to fight tax crime, and when the programme is discussed tomorrow I would encourage you to consider how you might contribute to ensure its ongoing success.

Automatic Exchange of Information

Following the financial trail is essential to combatting tax crimes. In February of this year the OECD launched the new Common Reporting Standard for the Automatic Exchange of Financial Account Information. This standard has been endorsed by the G20 and more than 65 countries and jurisdictions have already agreed to implement it. This represents a major step forward in being able to follow the financial trail by creating a global framework to enable authorities to share on an annual basis financial information on non-residents from banks and other financial institutions, including account balances, investment income and the proceeds of sale of financial assets. This information will be reported in a standard format to the authorities in the residence countries pursuant to a legal framework with appropriate safeguards.

Automatic exchange of information is expected to have a strong deterrent effect and will provide tax investigation authorities with an unprecedented level of information about the financial activities of their residents in other countries. This afternoon we will be discussing work, conducted by Norway with the assistance of other countries, on the use of intelligence in detecting and investigating tax crime and opportunities for sharing intelligence with colleagues in other countries. During that session it would be interesting to consider how automatic exchange of information could prove a useful source of intelligence for conducting risk assessments and identifying possible threats.

Digital currency

Automatic exchange of information may end the ability of criminals to hide behind bank secrecy, but the growth in digital currencies, such as Bitcoin, which operate outside the traditional financial system, may offer new opportunities for criminals to hide the financial trail. Until now, a lot of work has focused on how digital currencies should be treated for regulatory purposes, including the prevention of money laundering and terrorism finance. However, many of the characteristics of digital currencies which make them attractive to money launderers could also make them useful tools for evading taxes. I am therefore pleased that tomorrow the FATF will explain the possible money laundering risks and consider what this could mean for the fight against tax fraud.

CleanGovBiz

It is important to make the links between crimes such as money laundering and tax fraud and to harness the expertise of different law enforcement agencies to tackle these crimes. The CleanGovBiz initiative, which was launched in 2012 and which I am pleased to lead, aims to bring together the full range of our tools to fight corruption: from public integrity and public procurement, to business practices and countering corruption in export credits as well as our work against foreign bribery and of course our tax work. We also seek to unite all the key players, including the United Nations Office of Drugs and Crime (UNODC), the World Bank, the FATF, and NGOs like Transparency International, the Extractive Industry Transparency Initiative, and the World Economic Forum. Through this initiative, the OECD

worked closely with Tunisia in 2012 and 2013 to complete the first “Integrity Scan” to support the Tunisian government’s efforts to strengthen its anti-corruption efforts and promoting a culture of integrity. This work takes a holistic approach based on 13 aspects of government, including tax transparency and tax administration, along with other areas such as public financial management, public sector integrity, business sector integrity and whistleblower protection. The OECD is now working with Tunisia on the implementation of these reforms, and is also conducting integrity scans with other countries.

Illicit tobacco trade

Another issue consistently identified as a priority issue by developed and developing countries in all regions is the illicit tobacco trade, which by any measure is huge. In 2012, the FATF issued a report, which estimated that the illicit tobacco trade had an overall value in the tens of billions of dollars, representing 12% of the global cigarette market. These revenues are shielded from income taxes, VAT, customs duties and excise taxes and may be used to fund other types of criminal activity such as money laundering and terrorism. The availability of cheap or counterfeit cigarettes also has serious implications to the health of consumers and to the social welfare costs associated with smoking. In 2013, the World Health Organization estimated that worldwide six million people a year die from smoking-related disease and that this number was expected to grow to eight million by 2030. Of these, nearly 80% live in low and middle-income countries. The illicit tobacco trade will be discussed tomorrow in what promises to be a very lively and interesting discussion. I am very pleased to see that we also have representatives from the WCO who will speak to us during that session on key recent developments in the illicit tobacco trade and the work of the WCO to deal with this.

Ukraine

In touching on the reforms that countries are currently undertaking, I am very pleased to welcome our colleagues from Ukraine to this meeting. We are all familiar with the recent upheavals that Ukraine has had to confront, and the OECD together with many of the

countries in this room, is seeking to provide support to Ukraine in identifying the best steps forward for the country and its people. These include implementing changes to combat corruption and tax evasion, as well as to recover the proceeds of crime which have been moved overseas. I look forward to the presentation by Mr Volodymyr Khomenko, First Deputy Head of the State Fiscal Service of Ukraine, on the status of these reforms.

The next two days are an opportunity for all of you to focus on the key tax crime threats that your countries face and ask how can this Forum support your efforts, how can we all work better together to tackle these threats. As heads of tax crime investigation in your respective countries, much of what each of you do is unique. I encourage you to share your expertise, your experience, your successes and your failures. And perhaps in particular the failures, because that is where we can learn the most. Together we can become smarter and stronger than the criminals who undermine our societies.

I encourage your active participation in what will no doubt be thought-provoking discussions and I wish all of you a constructive, challenging and a very enjoyable conference.

Thank you.