COMBATING TAX FRAUD

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Dubravka Sekulic Grgic
Croatian Tax Administration
Combating tax fraud in Croatia regarding EU accession

Legal frame overview

Overview of Tax administration organizational units regarding Tax fraud

AFCOS system

AFCOS network

Tax Administration goals and measures regarding Tax fraud

Goals and measures – in the context of criminal activity prosecution criminal proceedings
Combating tax fraud in Croatia regarding EU accession

- 2006. – CTA participation in EU programs and projects
- Combating tax fraud - aimed at efficient VAT revenue collection and control

MOST IMPORTANT GOALS WHICH ARE TO BE ACHIEVED WITHIN EU PROGRAMMES:
1. Strengthening of CTA, especially audit function
2. Harmonization of Croatian tax legislation with acquis-em
3. Development of VIES (Value added exchange system)
4. Administrative cooperation (Fiscalis, CLO)

EU programs:
- CARDS 2004, PHARE 2005, PHARE 2006,
- MATRA FLEX - bilateral project in cooperation with Kingdom of Netherlands (strengthening of administrative capacity in the field of audit: Risk Analysis, VAT..)
- 2007: IPA – Development of VIES and establishment of CLO – Central Liaison office
Combating tax fraud in Croatia regarding EU accession

- **STRENGTHENING OF AUDIT FUNCTION** - CTA currently engaged in strengthening of risk analysis system regarding selection for audit and implementation of e-audit (electronically audit).
  - Furthermore – strengthening of VAT Audit’s envisaged in IPA 2009 component,
- **HARMONIZATION OF LEGISLATION** - CTA mainly harmonized its tax legislation
- **INTERNATIONAL COOPERATION** – CTA is involved in a lot of activities and in cooperation with international organizations (OECD, IOTA, MMF, World Bank) with the aim of exchange of information's.
Legal frame overview

- General Tax Act
- Harmonization of Croatian VAT tax act with EU Directive 2006/112/EZ - obligatory submission of recapitulative tax statement – control mechanism
- Personal Identification Number (PIN) Act – important for the international exchange of data (VAT identification number introduced in 2008)
- CLO established (2009)

- FOR SUSPICION ON CRIMINAL ACT (cooperation of CTA with state Attorney)

- Criminal Procedure Act
Overview of Tax Administration organizational units regarding tax fraud

- **TAX ADMINISTRATION CENTRAL OFFICE**
  (State Secretary, General Director)

  - **AUDIT DEPARTMENT**
    (4 sections: large comp., SME comp, VAT and games on chance)
    - Regional offices (Audit i TCA)

  - **CRIMINAL TAX INVESTIGATION DEPARTMENT**
    (2 sections: TCA and section for analysis)
    - Regional offices (Audit i TCA)

  - **DEPARTMENT FOR INTER. COOPERATION AND EU INTEGRATION**
    (2 sections and CLO)
    - Regional offices (cooperation regarding collection of tax data and international cooperation)
Overview of Tax Administration organizational units regarding tax fraud

- Most significant organizational units: AUDIT and CRIMINAL TAX INVESTIGATION DEPARTMENT

  - Audit – it is possible to notice criminal tax act during regular audit control. It is obligatory to submit criminal report to competent body (primarily State attorney of Republic of Croatia)

- Criminal Tax Investigation Department – acting by the prescription of State Attorney, Office for the Suppression of Corruption and Organized Crime (USKOK), anonymous calls and Tax administration regional audit department
AFCOS system

AFCOS system (Anti-Fraud Coordinating Structure) in Croatia covers:

1. System reporting of irregularities
2. AFCOS network
3. Independent Department for Combating Irregularities and Fraud under the Ministry of Finance

- MISSION: Management of irregularities and frauds and direct cooperation with OLAF (Office Européen de Lutte Anti-Fraude)
- Adopted National strategy for combating fraud and protection of financial interests of EU for 2010-2012 – aiming to ensure efficient protection of financial interests of EU and strengthening AFCOS system.
- Action plan for implementation of National strategy
AFCOS network

- AFCOS network was founded in 2008 by Government decision
- Main goal- reaching full operability of AFCOS system in order to protect EU financial interests.

(if needed, in AFCOS network representatives from other public State body can join and participate).
Tax Administrations goals and measures regarding combating tax fraud

Goals

- Enhance Audit for collection of own EU resources
- Strengthen the function of VAT Audit

Measures

- Conducting specialized education for Tax Administration employees, Customs Administration, Financial police in order for: functioning of AFCOS system, understanding of EU legislation, adopting best EU practice, improvement of IT support and adopting new skills and knowledge for using databases (recognizing risky taxpayers)
- Cooperation with OLAF and EUROCARNET in order to fight carousel fraud
Goals and measures – regarding investigation of criminal proceedings

**GOALS**

- To strengthen cooperation between authorities which are participating in conducting criminal proceedings.
- To strengthen international cooperation of relevant authorities in Republic of Croatia and international cooperation.
- To increase efficiency and the speed of criminal procedures

**MEASURES**

- Conducting specialized education in the area of processing criminal acts (frauds) against the Community (EU)
- Strengthening of international cooperation through programs of specialized education on usage of new instruments of operative international cooperation with INTERPOL, EUROPOL, European Judicial network, EUROJUST and OLAF.
THANK YOU FOR YOUR ATTENTION

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