

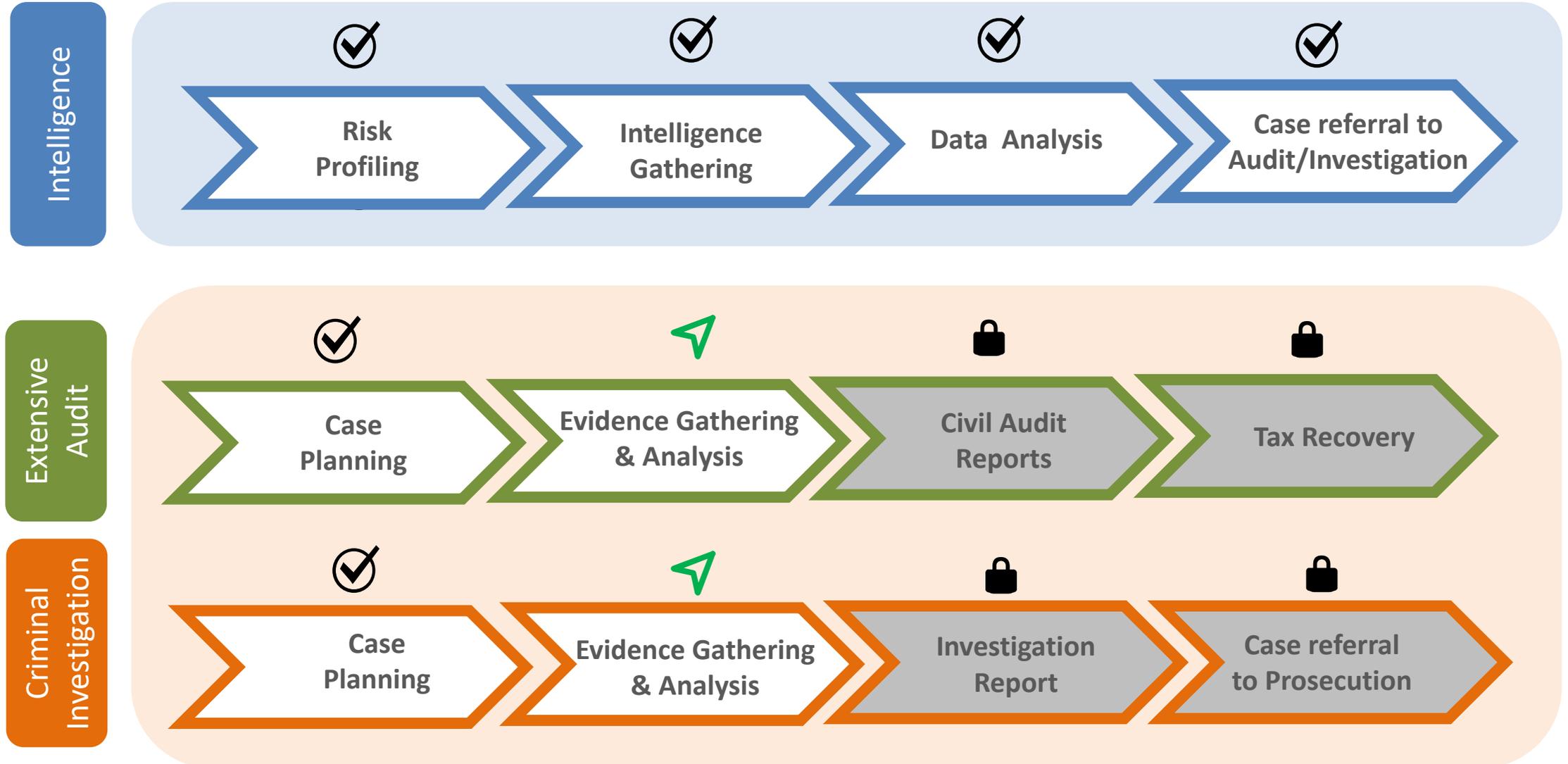
**OECD Asia-Pacific Academy for Tax and Financial Crime
Investigation: Anti-Money Laundering: Current Trends, Prosecutions,
and the Challenges presented by Crypto Assets**

31 May 2022

Goods and Services Tax (GST) Fraud Case

Presenter: Shifa Thaufeeq, Maldives Inland Revenue Authority

CASE DEVELOPMENT



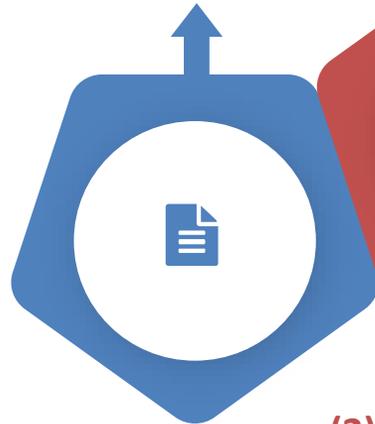
BUSINESS BACKGROUND

- Family owned business
- Ultimate beneficiary is a PEP
- History of several construction projects
 - Specialized in Resort Construction
- Several related party companies registered at low tax or secrecy jurisdictions. (CYM, BVI)



RED FLAGS

(1) Material differences
in the contracted values
and the revenue
declared



(2) Third party input
invoices show
undisclosed income



(3) Multi-layered related
party transactions



(4) Affiliated with non-
operational companies
where flow of funds are
identified



(5) Affiliated with
foreign owned
enterprises
incorporated in tax
havens



(6) External Auditor's
Opinion highlights lack
of adequate
documentation



COMPLIANCE HISTORY



- History of two GST audits;
 - Material amount of under declaration.
- Even after the audits, company **failed to declare** correct revenue.

A screenshot of a GST Return form. The title is 'GST Return'. Below the title are several input fields. At the bottom, the word 'TAX' is displayed in red, followed by a large red '0', indicating that the tax amount is zero.

GST Return	
[Input fields]	
1	[Input fields]
2	[Input fields]
3	[Input fields]
4	[Input fields]
5	[Input fields]
6	[Input fields]
TAX	0

TREATMENT

- Criminal investigation;
 - Search Operation of Company premises,
 - Confiscation and Analysis of Physical and digital documents
 - Third-party Search Operation
 - Third party Document Analysis
 - Statement from key persons being taken
 - Bank Statement Analysis and tracing flow of funds



INVESTIGATION FINDINGS.. SCOPE



Project A
Resort Development
Contract: Main Contractor works

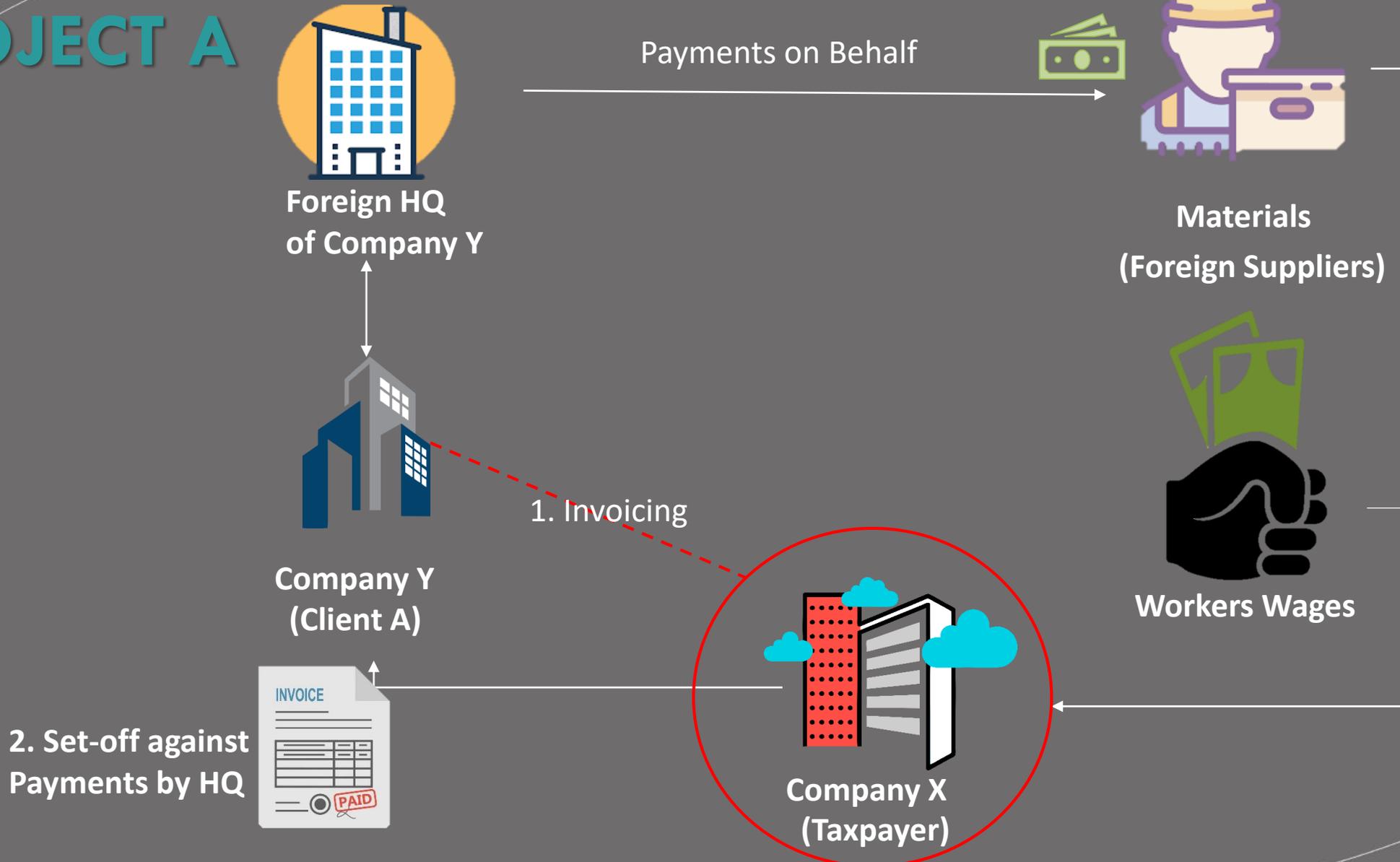


Project B
Resort Development
Contract 1: Design & Architectural works
Contract 2: Operational Support Service



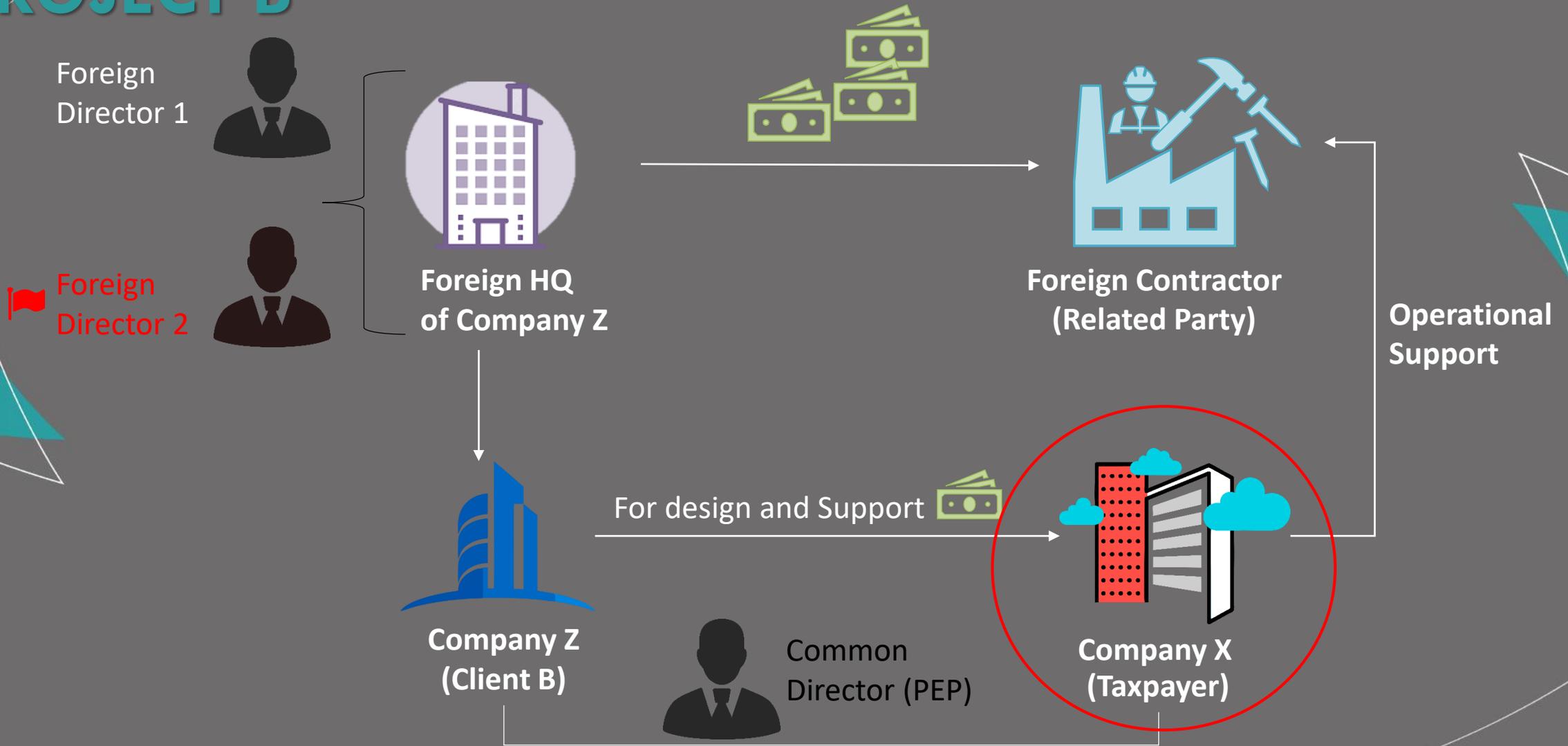
INVESTIGATION FINDINGS..

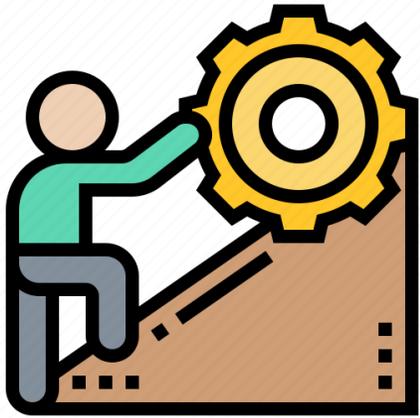
PROJECT A



INVESTIGATION FINDINGS..

PROJECT B





NEXT STEPS

- Third-party document requests
 - Exchange of Information through MAAC
- Summon Statements of Witnesses
 - MLAT process to take statements
- Summon statements of Suspects
- Evidence-based assessment of evaded taxes
- Civil Assessment for tax recovery





MALDIVES
INLAND REVENUE
AUTHORITY

THANK YOU!

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