

INVESTIGATION CASE

Seizure of Goods and Smuggling

Presentation Structure

- Introduction
- Strategy & work done
- Findings
- Actions Taken



INTRODUCTION

- ❑ The intelligence team while performing its normal duties on taxpayers registered for VAT, got attracted to some taxpayer-segments.
- ❑ Intelligence gathering was launched. Our focus were on;
 - a) Taxpayers on continuous refund status
 - b) Taxpayers who are up-to date with compliance but have VAT payments showing same figures or similar patters

STRATEGY AND WORK DONE

A strategic operation was undertaken targeting electronic businesses as considered risky.

As our country do not produce electronic products any of the products are imported.

Our strategy was to start by identifying sources of data for these outlets, gather the intelligence before conducting an investigation.

Our data sources were from ;

- Internal data (tax returns and declaration analysis)
- External data (bank statements)

STRATEGY AND WORK DONE cont.

With evidence and reasonable suspicion for our contemplated action we had to,

- 1) ensure a court order is prepared before hand
- 2) visit those businesses without notice,
- 3) Record stock on shelves and stock in storerooms
- 4) and where need be, storm their homes to look for any hidden stock,
- 5) Demand the stock invoices and documentation

FINDINGS

- There were indeed stock of cell phones, gadgets and unbanked cash hidden in their homes
- Most of the stock had no documents hence these goods were suspected to have been smuggled into the country
- In some cases, the values of stock per the invoices produced could not correspond with the values declared to our office. It seemed there were two set of invoices.
- customers were not given proper tax invoices or a receipt after a sale to account for VAT. Record taking was manually. On declaration to our tax office, the turnover is misrepresented
- Some businesses were not registered for VAT purposes yet they were indication that they meet the threshold.

ACTIONS TAKEN

For failure to account for the stock:

- a) the stock has been seized (where relevant documents or invoices were not presented)
- b) some suspects has been taken to court to be prosecuted on statutory law including failure to register for VAT, smuggling goods, obstruction of officers as they do their duties.
- c) Other cases has been preferred for civil action (audit to be done where mere understatement of revenue generated was observed)

The case is ongoing.

THANK YOU !!