



Australian Government
Australian Taxation Office

Domestic and International Cooperation

OECD Tax Academy for Tax and
Financial Crime Investigation

Presented by Melanie Untersteiner and
Sarah Forza

November 2024

OFFICIAL | EXTERNAL

Overview

Current Initiatives

Australia is part of a number of initiatives tasked with sharing information and coordinating efforts in the fight against serious financial crime. Some key initiatives Australia is actively engaged in include:

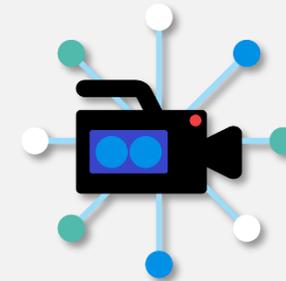
- **Serious Financial Crime Taskforce (SFCT) - ATO Lead**
- **Criminal Justice Law Enforcement Forum (CJLEF)**
- **Joint Chiefs of Global Tax Enforcement (J5)**
- **Task Force on Tax Crimes and other Crimes (TFTC)**
- **Tax Crime Enforcement Network (TCEN)**
- **Joint International Taskforce on Shared Intelligence & Collaboration (JITSIC)**



**Capability
Sharing**



**Intelligence
Exchange**



**Technology
Advancements**

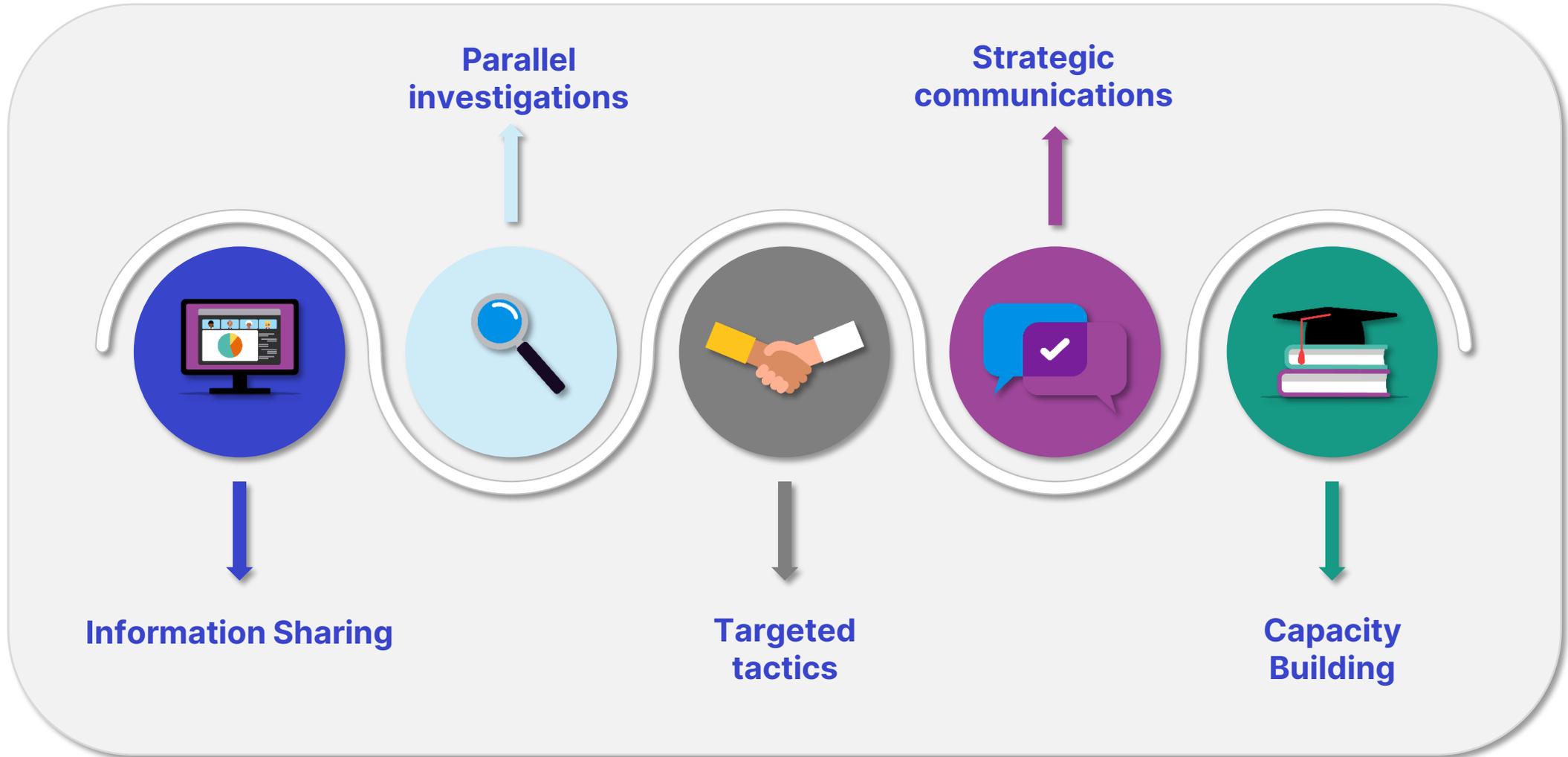


**Strengthen Policy &
Legislation**

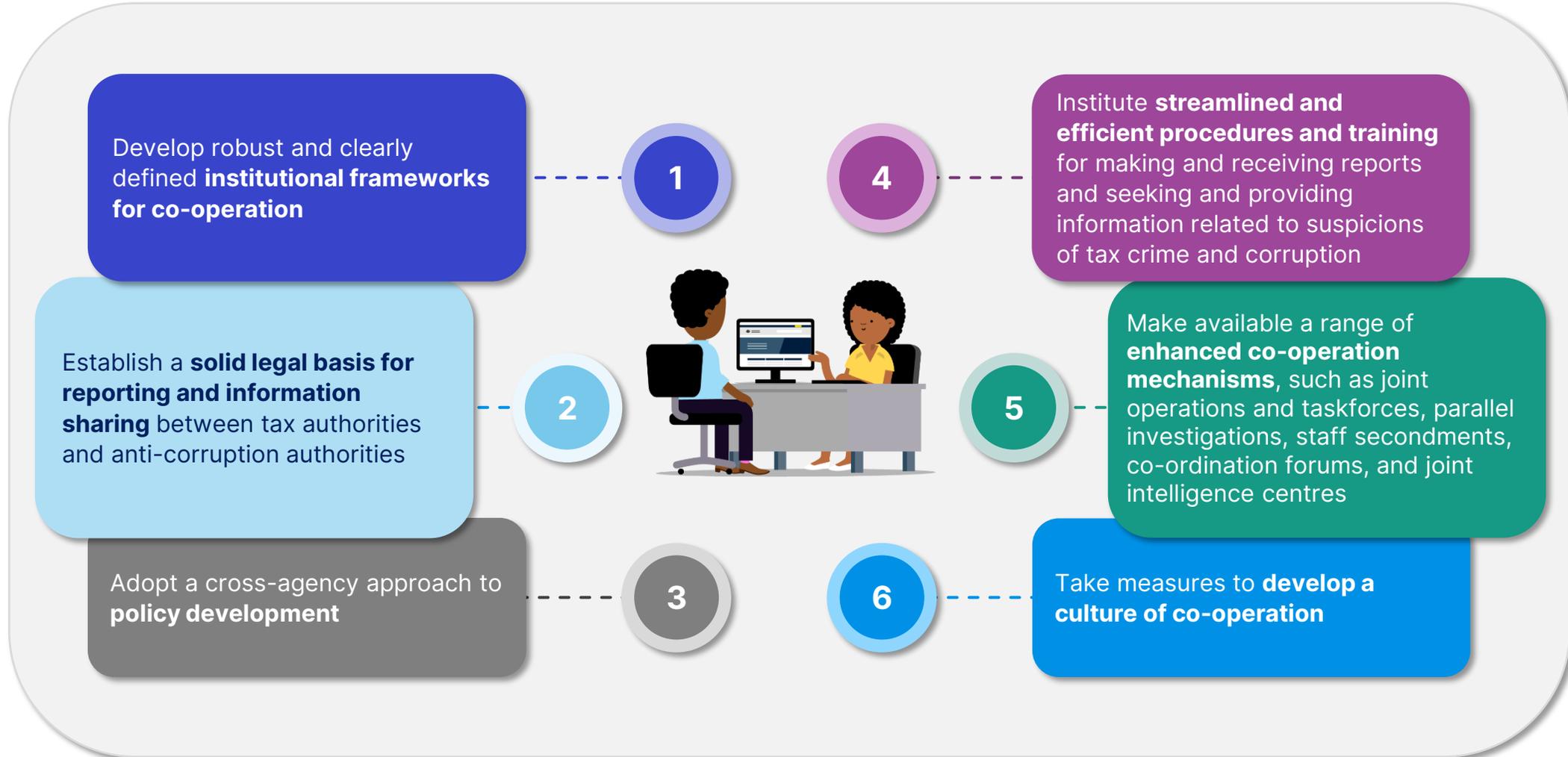
Domestic Cooperation



Benefits of working together



OECD Recommendations



Domestic Cooperation on Fighting Tax Crime

Current Initiatives

Australia has a number of initiatives directly tasked with combatting tax crime in its various forms.

These initiatives are typically known as taskforces, span multiple government agencies, and are centrally funded by the Australian Government for a specific purpose.

These taskforces are designed to leverage the combined powers and capabilities of multiple government agencies and their domestic and international networks.



**The Serious Financial
Crime Taskforce**



**The Shadow
Economy Taskforce**



**The Illicit Tobacco
Taskforce**

Serious financial crime is costing Australia.

Serious Financial Crime Taskforce

Led by the ATO, the SFCT is a joint-agency taskforce made up of experts from a range of federal law enforcement and regulatory agencies:

- Australian Taxation Office (lead)
- Australian Federal Police
- Australian Criminal Intelligence Commission
- Australian Transaction Reports and Analysis Centre (AUSTRAC)
- Australian Securities and Investments Commission (ASIC)
- Attorney General's Department (AGD)
- Australian Border Force (ABF)
- Commonwealth Director of Public Prosecutions (CDPP)
- Department of Home Affairs
- Services Australia



Australian Government

Serious Financial Crime Taskforce



Focus Areas

The SFCT is currently focused on addressing the following tax crime risks:



Professional Enablers

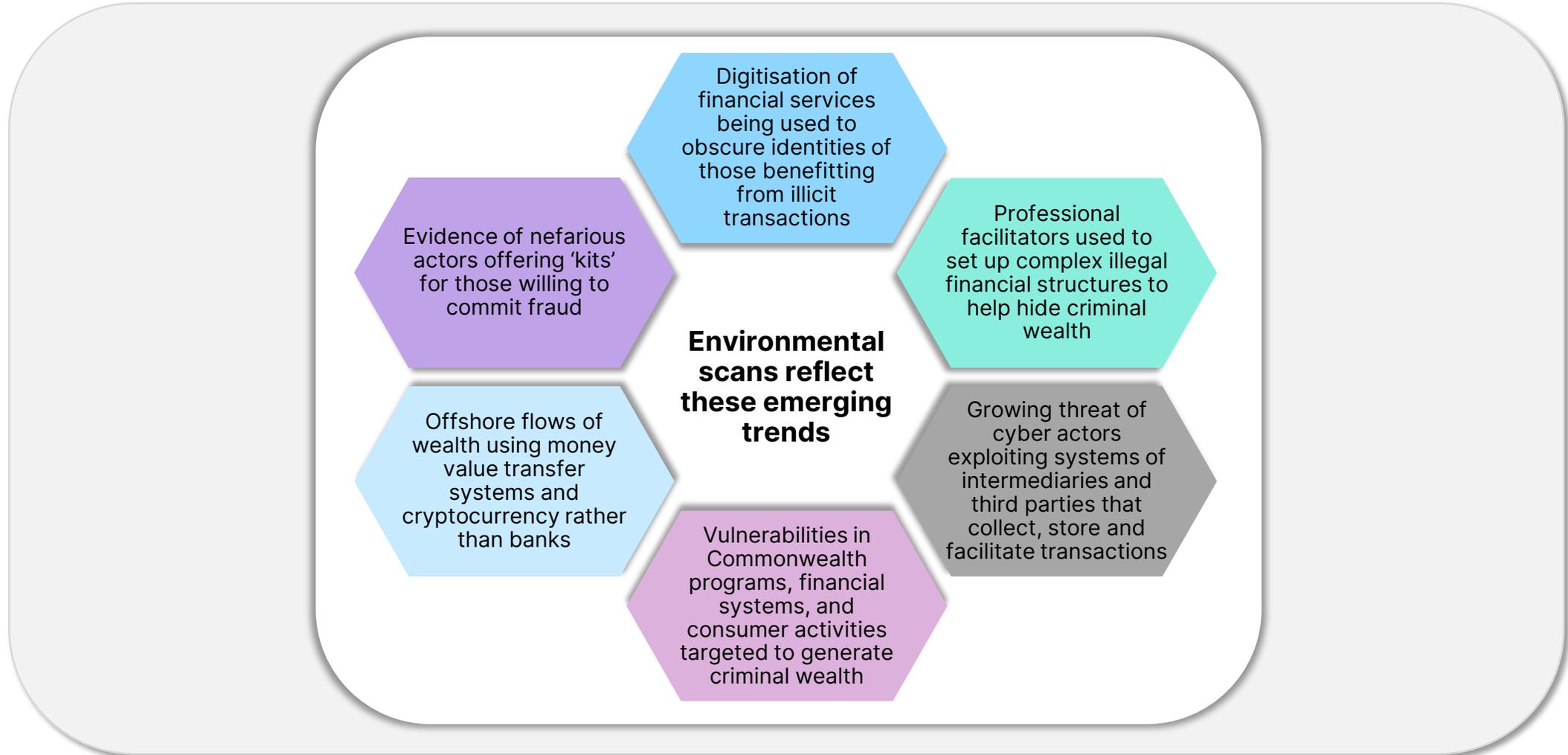


Technology Enabled Crime



Value Flows Between Criminal Syndicates

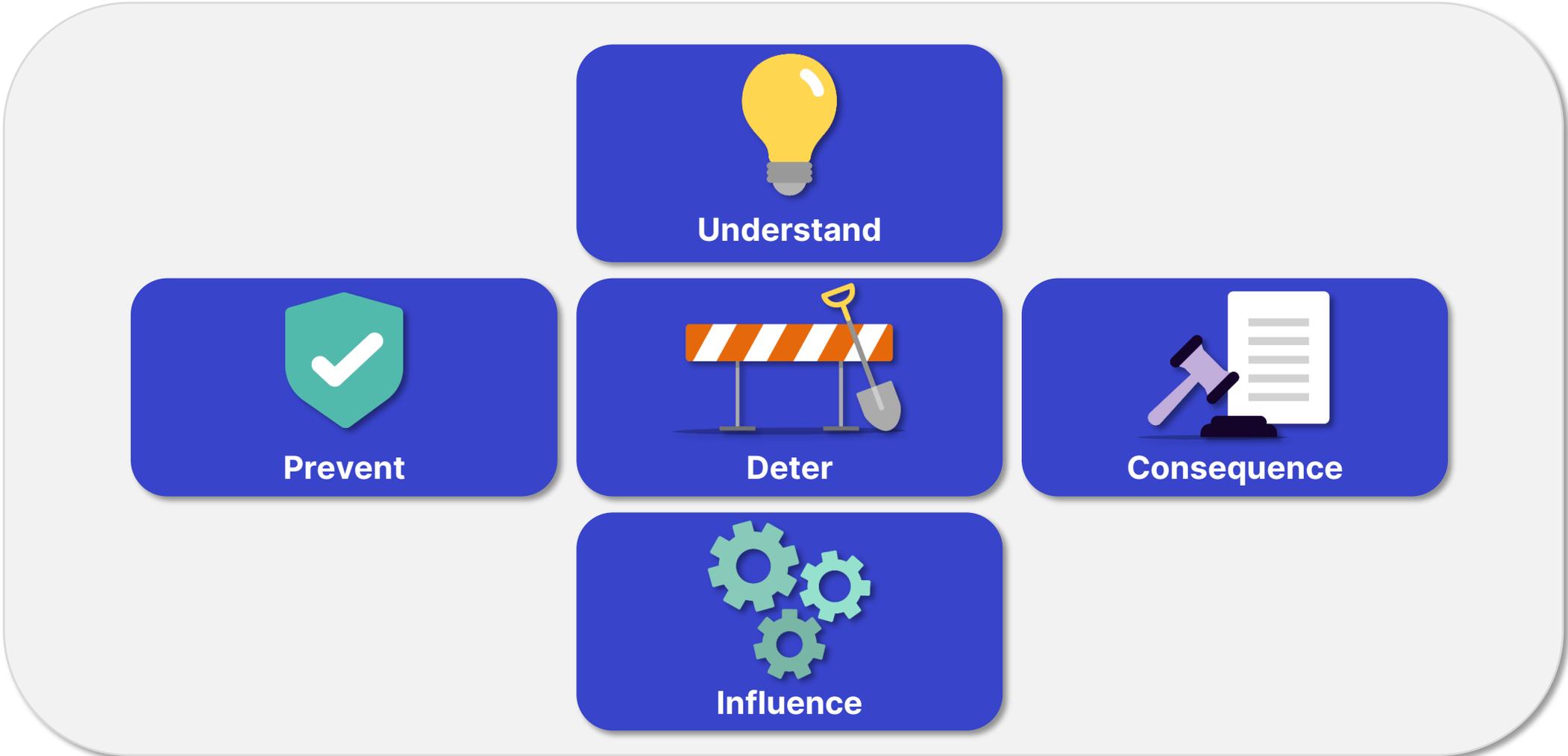
Emerging Trends



Taskforce Strategies



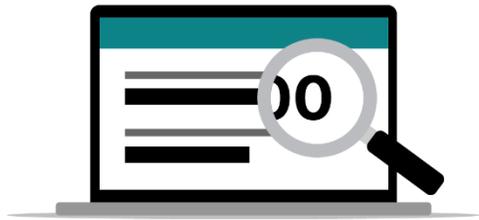
Taskforce Strategies



What experiences have you had working with other agencies within your country to address tax crime?



Things To Consider



**Information
sharing**



**Models for
collaboration and
capability building**



**Roles and
responsibilities**

Fictional Scenario – The Golden Mirage

Background: In 2023, the ATO received an anonymous tip about suspicious activities involving a gold trading company, Golden Mirage Pty Ltd. The company, owned by siblings Lottie and Jamie Turner, had reported significant profits and substantial GST claims over the past two years.

The Scheme: Golden Mirage Pty Ltd engaged in a sophisticated gold bullion fraud scheme. The Turners purchased gold bullion from international suppliers, which was GST-free (VAT). They then melted the bullion down and recast it into gold bars and coins, which they sold to local buyers, including jewellers and investors.

To exploit the GST system, the Turners created a network of shell companies. These companies acted as intermediaries, buying the recast gold from Golden Mirage and selling it back to the Turners' primary business. Each transaction included a GST component, which the shell companies claimed as input tax credits. However, the shell companies never remitted the GST to the ATO, creating a significant tax shortfall.

Discovery and Investigation: The ATO's Serious Financial Crime Taskforce (SFCT) launched an investigation into Golden Mirage Pty Ltd. Using advanced data analytics and financial tracking tools, the SFCT uncovered the complex web of transactions and shell companies. They identified discrepancies in the GST claims and traced the flow of funds through multiple bank accounts.

The investigation revealed that the Turners had defrauded the ATO of over \$25 million in GST credits. The SFCT also discovered that the siblings had laundered the proceeds through offshore accounts and investments in luxury properties.

Legal Proceedings: The Turners were charged with multiple offenses, including tax evasion, money laundering, and conspiracy to defraud the Commonwealth. During the trial, the prosecution presented detailed evidence of the fraudulent transactions, including financial records, emails, and witness testimonies from employees and business associates.

The defense argued that the Turners were unaware of the fraudulent activities and blamed rogue employees for the scheme. However, the evidence overwhelmingly pointed to the siblings' direct involvement and orchestration of the fraud.

Outcome: The court found Lottie and Jamie Turner guilty on all charges. They were sentenced to 12 years in prison and ordered to repay the \$25 million in defrauded GST, along with additional penalties and interest. The court also seized their assets, including luxury properties and offshore accounts, to recover the stolen funds.

Criminal Justice Law Enforcement Forum (CJLEF)

- The CJLEF is chaired by the Attorney-General's Department (AGD) and is coordinated to bring together 18 Commonwealth agency heads to drive meaningful action on priority areas.
- Deep-dives are undertaken to ensure these priorities are considered from a multi-agency perspective, in order to help drive meaningful action and encourage a holistic government response.
- The outcomes of the CJLEF are instrumental in shaping the priorities of the SFCT. These outcomes provide a clear direction and focus, ensuring SFCT initiatives are aligned with the most pressing needs and strategic goals identified during the forum.



Questions



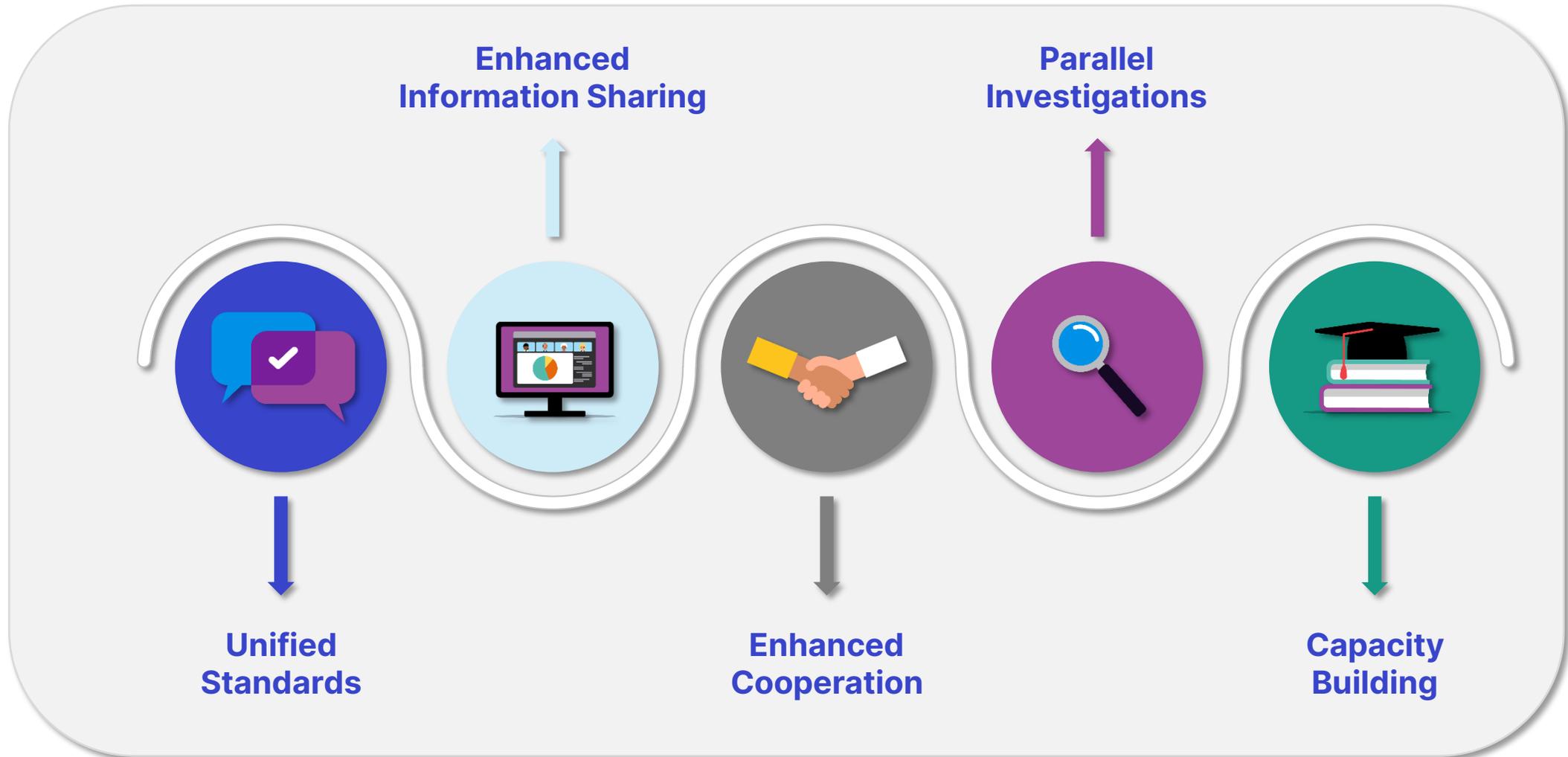
International Cooperation



Role of International Cooperation



Role of International Cooperation



The Ten OECD Global Principles for Fighting Tax Crime

Principle 1

Ensure tax offenses are criminalised

Principle 2

Devise an effective strategy for addressing tax crimes

Principle 3

Have adequate investigative powers

Principle 4

Have effective powers to freeze, seize and confiscate assets

Principle 5

Put in place an organisational structure with defined responsibilities

Principle 6

Provide adequate resources for tax crime investigation

Principle 7

Make tax crimes a predicate offense for money laundering

Principle 8

Have an effective framework for inter-agency co-operation

Principle 9

Ensure international co-operation mechanisms are available

Principle 10

Protect suspects' rights



OECD 'Combating Tax Crimes More Effectively in APEC Economies' (2019)

- Tax crimes, corruption, terrorist financing, money laundering and other financial crimes threaten the strategic, political, and economic interests of all countries.
- The sums lost to illicit financial flows, including those that derive from these crimes are vast.
- These crimes are all closely related and thrive in a climate of secrecy [...] and weak inter-agency co-operation.
- By exploiting these weaknesses and advances in technology, criminals can covertly move substantial sums between multiple jurisdictions with relative ease and great speed. Consequently, criminal activity and the illicit financial flows that follow are becoming ever more sophisticated.



Tax Crime Models



Model 1

Australia, Canada, Germany, Greece, India, Ireland, Israel, Japan, Korea, Malaysia, New Zealand, Singapore, South Africa, Switzerland, Uganda, the United Kingdom and the United States

Model 1:
Tax administrator has responsibility for directing and conducting investigations



Model 2

Austria, Azerbaijan, El Salvador, Estonia, Germany, Hungary, Latvia, the Netherlands, Portugal, Serbia, Sweden, Spain, and the United States

Model 2:
Tax administrator has responsibility for conducting investigations, under direction of the public prosecutor



Model 3

Georgia, Ghana, Greece, Iceland and Turkey

Model 3:
A specialist tax agency outside the tax administrator has responsibility for conducting investigations



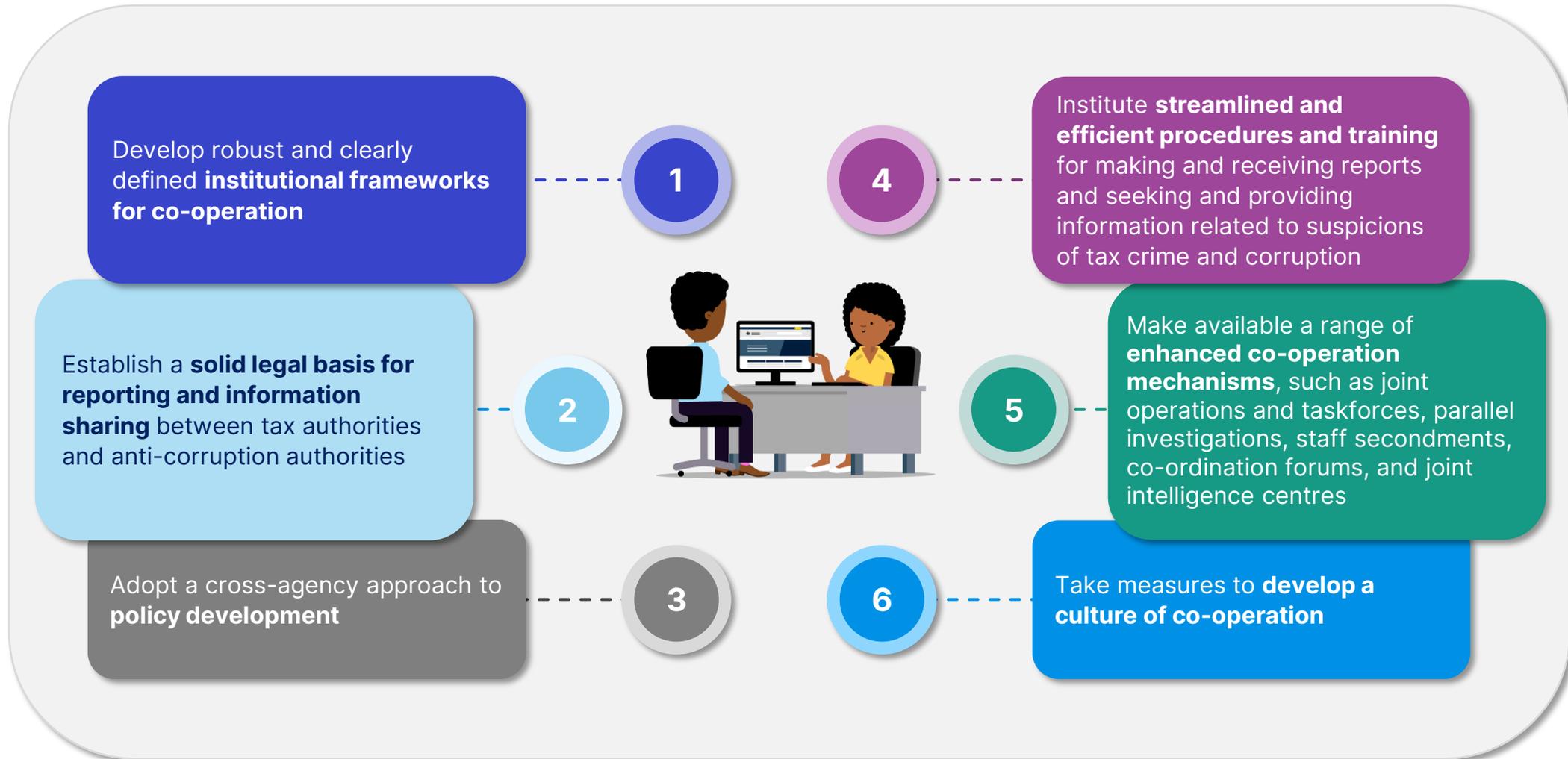
Model 4

Belgium, Brazil, Colombia, Costa Rica, the Czech Republic, Denmark, Ecuador, Finland, Chile, France, Greece, Iceland, Lithuania, Luxembourg, Mexico, Norway, Peru, the Slovak Republic, Slovenia, Spain and Sweden

Model 4:
The police or public prosecutor has responsibility for conducting investigations

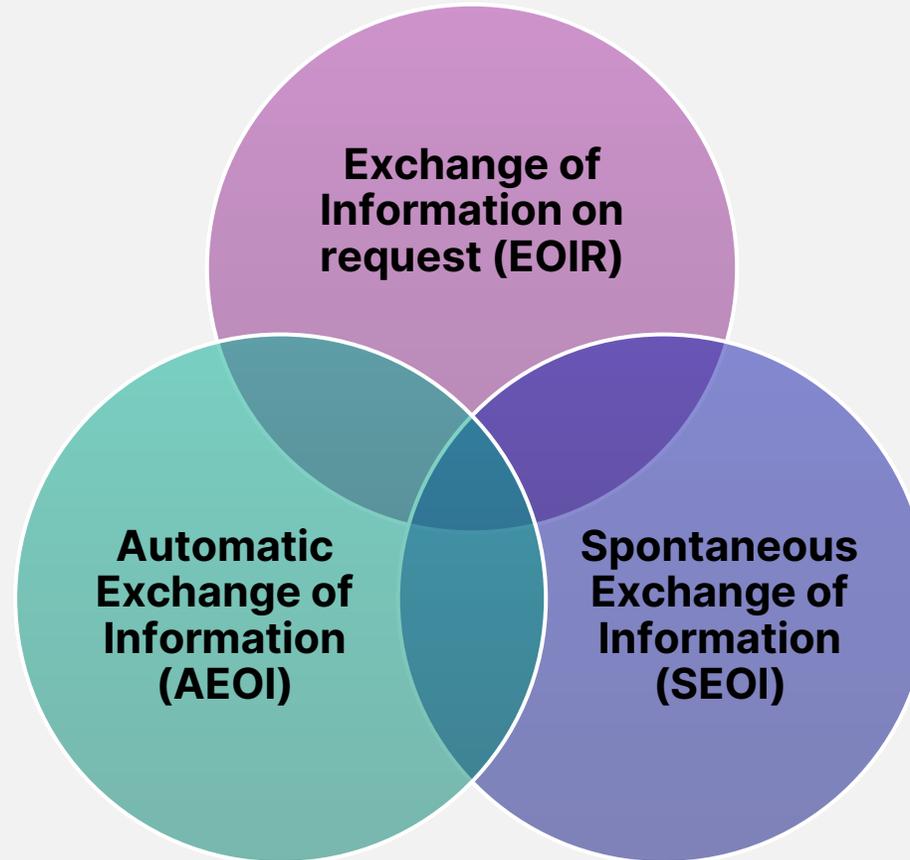
[Effective Inter-Agency Co-operation in Fighting Tax Crimes and Other Financial Crimes - Third Edition \(oecd.org\)](https://www.oecd.org/)

OECD Recommendations

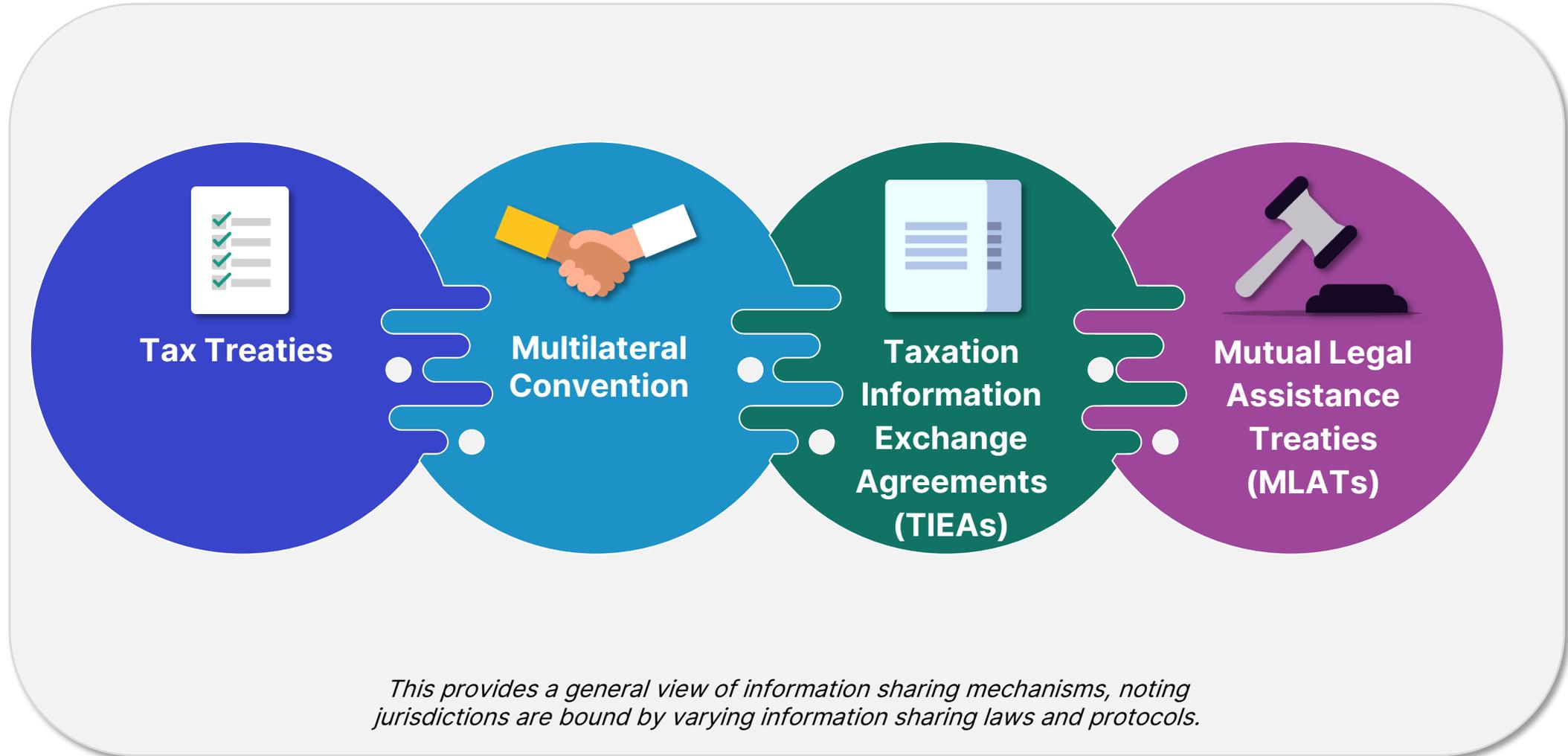


Types of Information Exchange

Three types of exchange of information (EOI):

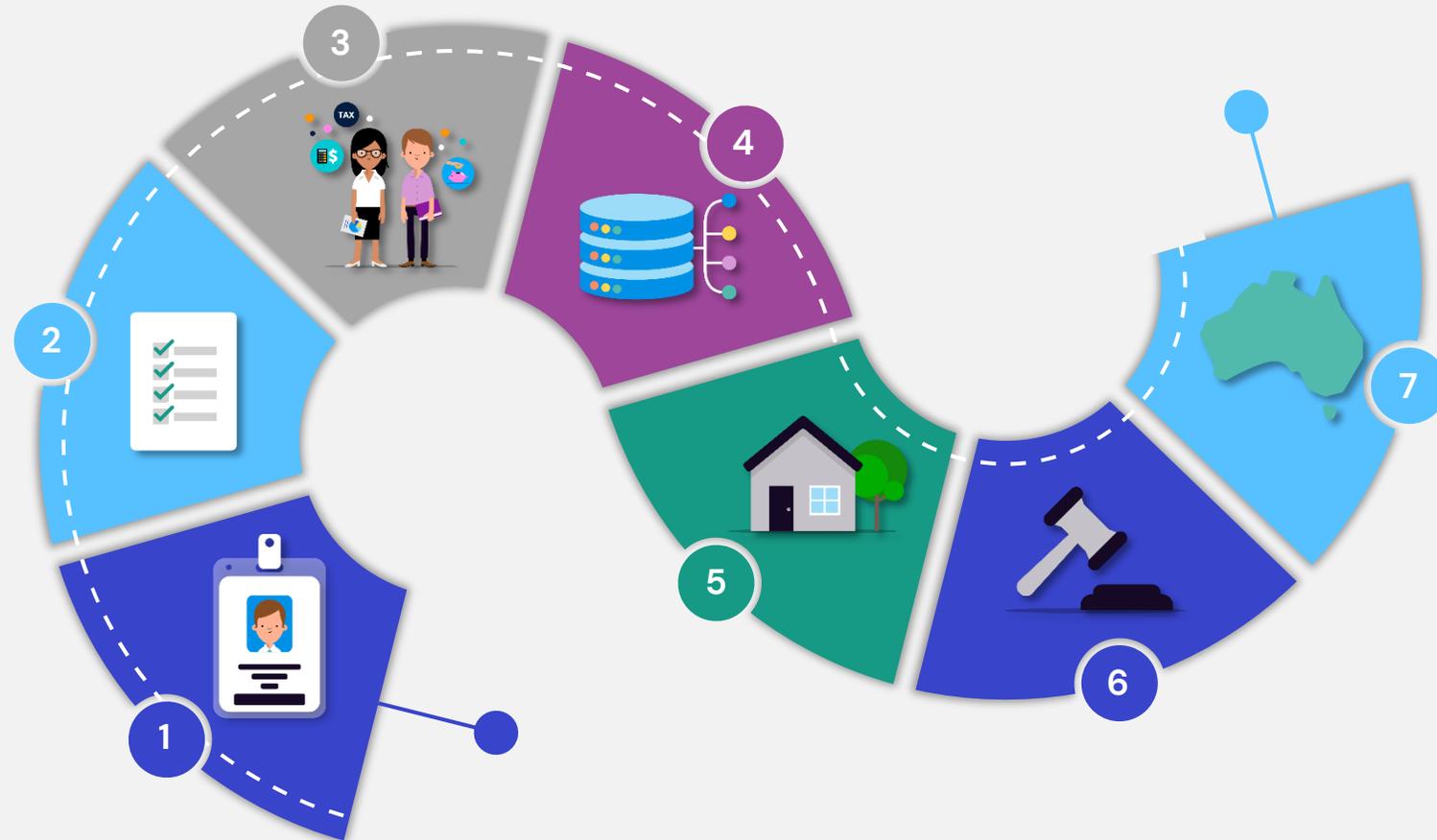


Types of Information Exchange

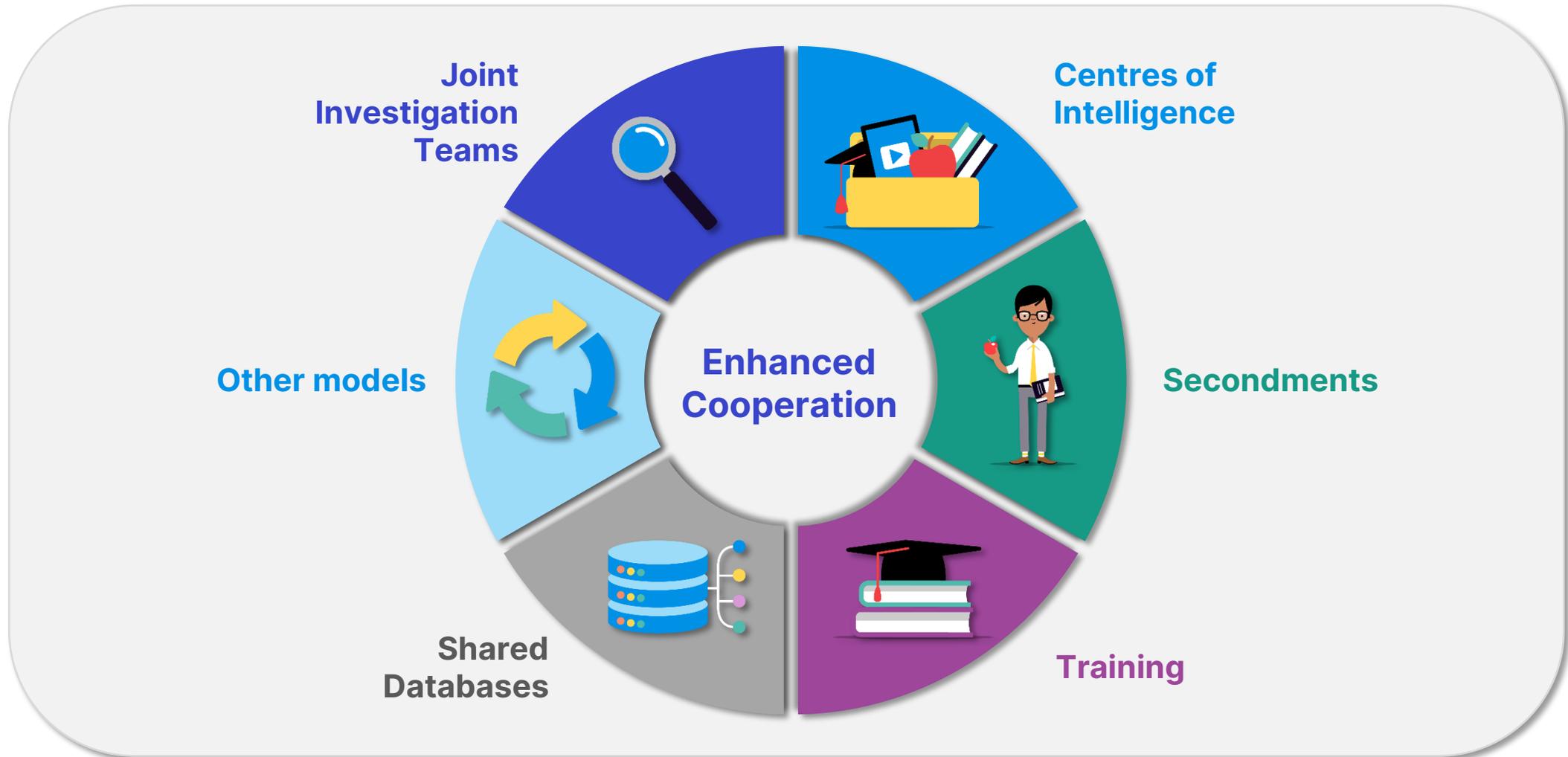


Key considerations for EOI Requests

Information to provide in an outgoing request:



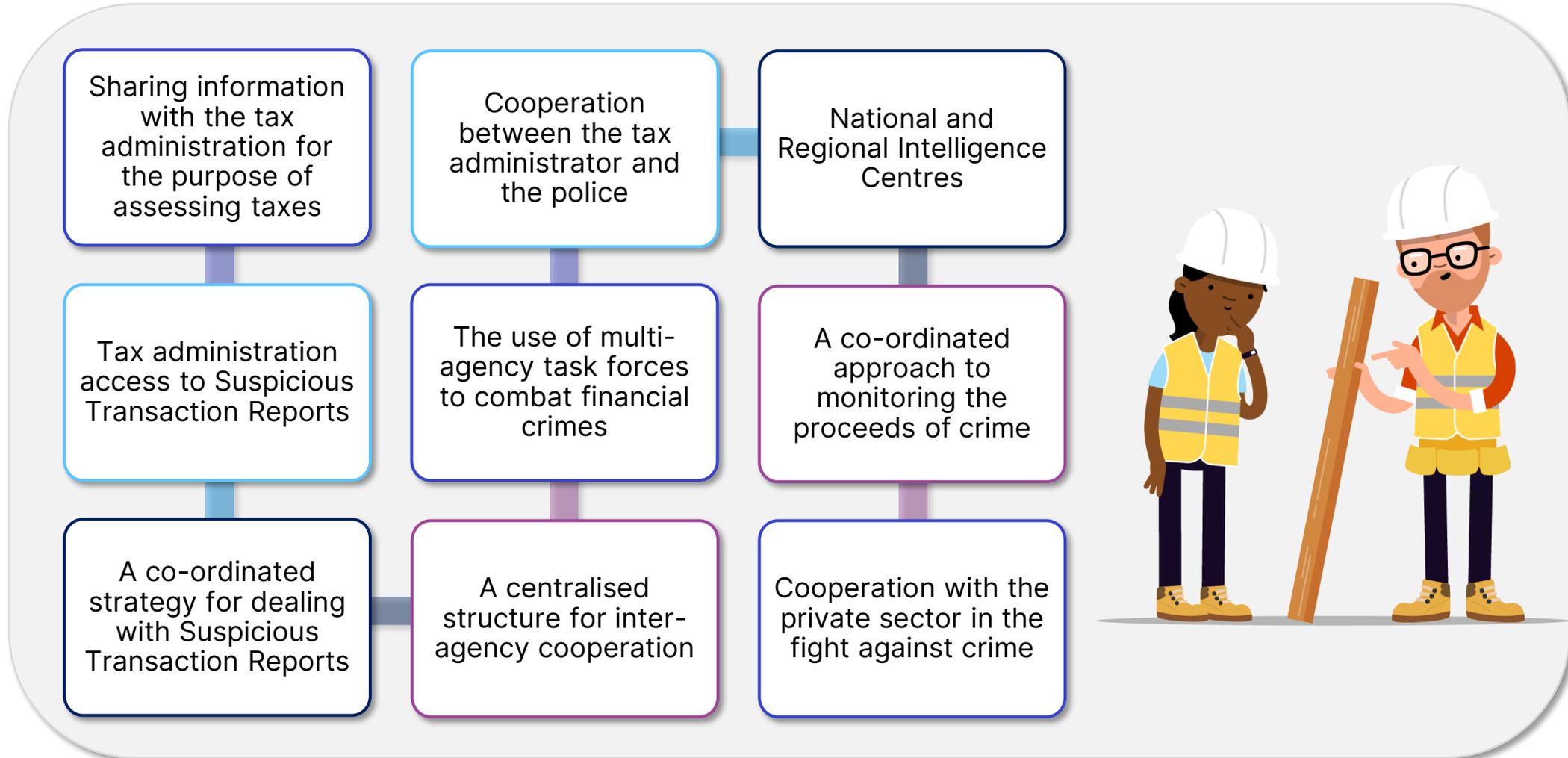
Enhanced Cooperation



**What cooperation
measures are you aware
of in your jurisdiction?**



Interagency Cooperation | Successful Practices



Taskforce on Tax Crimes and other Crimes (TFTC)

The TFTC is an operational body directed by the Organisation for Economic Co-operation and Development (OECD).

Attendance at the TFCT provides the ATO with:



An enhanced understanding and insight into current efforts to combat offshore tax evasion, corruption, money laundering and other alleged financial crimes



Collaboration opportunities between TFTC, Joint International Taskforce on Shared Intelligence & Collaboration (JITSIC) and other programs



Opportunities to engage and develop strategies with other sections of the OECD structure, chiefly on building capacity around combatting tax crime in our region

Tax Crime Enforcement Network (TCEN)

The TCEN is a pilot program under the umbrella of the TFCT, and was created to harness the value of an operational body that is focused on enhancing international co-operation amongst law enforcement agencies.

This is achieved through:



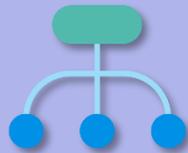
Supplying foundational material to assist developing members



Engaging with regional partners to explore alliance concepts



Performing tax administration vulnerability assessments

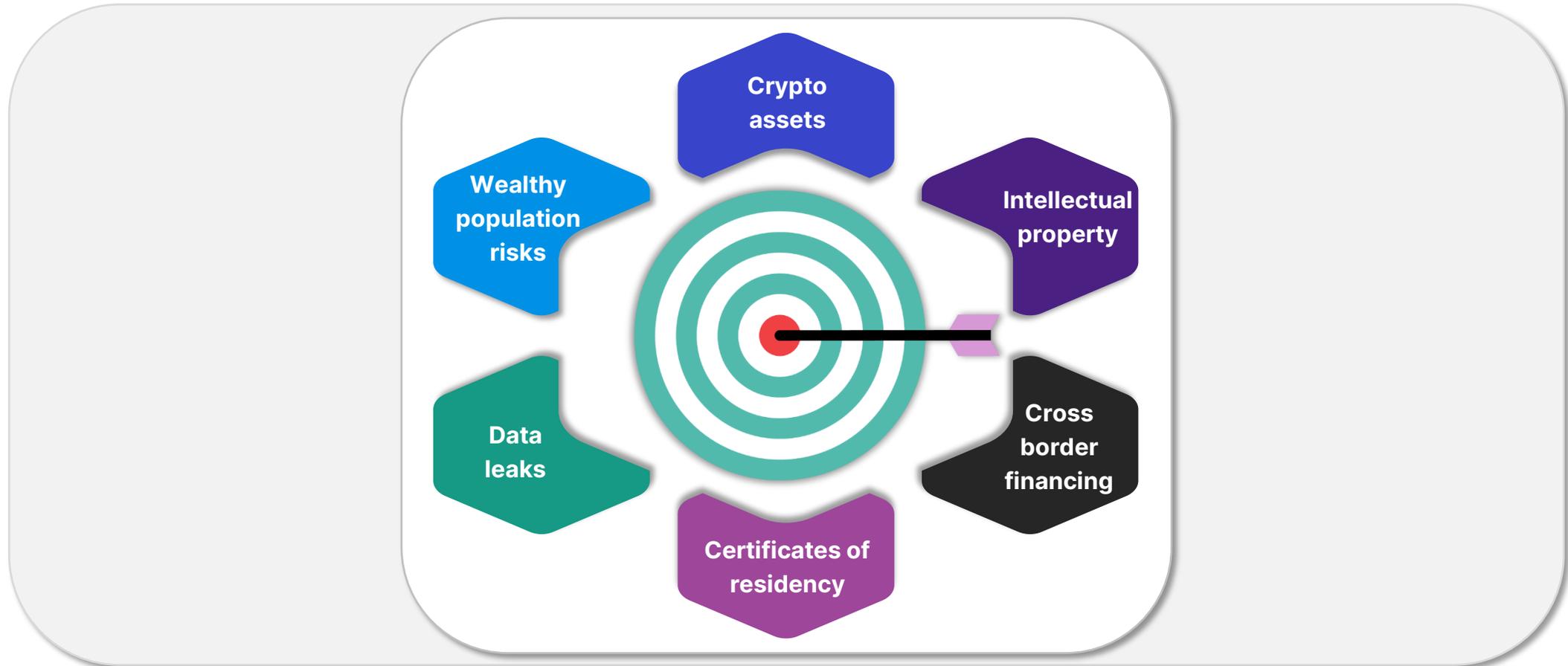


Developing cyber-fraud security strategies



Conducting prevention triage and effectiveness measurement

The Joint International Taskforce on Shared Intelligence & Collaboration (JITSIC)



Joint Chiefs of Global Tax Enforcement (J5)



Canada Revenue Agency
(Canada)



Fiscal Intelligence and Investigation Service
(the Netherlands)



His Majesty's Revenue and Customs
(United Kingdom)



Internal Revenue Service Criminal Investigation
(United States)



The Australian Taxation Office
(Australia)

Fictional Scenario – The Hidden Fortune

Background

In 2024, the Joint Chiefs of Global Tax Enforcement (J5) uncovered a sophisticated offshore tax evasion scheme involving a network of wealthy individuals and businesses. The scheme was masterminded by Stella White, a prominent entrepreneur with interests in various industries, including technology and real estate.

The Scheme

Stella and her associates established a series of shell companies in recognised tax havens. These entities were used to hide profits and reduce taxable income in their home countries. The network employed several tactics:

- **False Invoicing:** Fake invoices were created for non-existent services, allowing large sums to be transferred offshore and claimed as business expenses.
- **Professional Enablers:** Lawyers and accountants helped set up and maintain the offshore structures, advising on exploiting legal loopholes.

Discovery and Investigation

The J5's investigation began as a result of intelligence uncovered in Canada. Using advanced data analytics, J5 partners were able to trace the flow of funds through the offshore entities and identified patterns of tax evasion. The investigation revealed that White and her network had evaded over \$750 million in taxes.

Parallel Investigations and Asset Recovery

In addition to the primary investigation led by Canada, the J5 coordinated parallel investigations with international law enforcement agencies to track down and recover hidden assets. This involved:

- **Forensic Accounting:** Employing forensic accountants to uncover hidden assets and trace the movement of funds across borders.
- **Collaborative Efforts:** Working with financial institutions and foreign governments to freeze and seize assets linked to the scheme.
- **Legal Actions:** Initiating legal proceedings in multiple jurisdictions to recover assets and ensure compliance with international tax laws.

Legal Proceedings

The J5 coordinated with law enforcement agencies to conduct raids on White's businesses and the offices of the professional enablers. Key suspects were arrested, and significant evidence, including financial records and electronic communications, was seized.

Outcome

White and her associates were found guilty of tax evasion, money laundering, and conspiracy to defraud. White received a 10-year prison sentence and was ordered to repay the evaded taxes, along with substantial fines. The professional enablers also faced legal consequences, including fines and disbarment. The parallel investigations and asset recovery efforts led to the seizure of millions in hidden assets.

Importance of transnational capacity building



Questions

