

**MINISTERE DU BUDGET
ET DU PORTEFEUILLE DE L'ETAT**

DIRECTION GENERALE DES IMPÔTS



REPUBLIQUE DE COTE D'IVOIRE
Union – Discipline – Travail

TAX FRAUD CASE EXAMPLE IN COTE D'IVOIRE

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• ***SUMMARY***

Introduction

1. LEGAL TOOLS OF TAX INVESTIGATION

2. ANALYSIS OF AN EXAMPLE OF PROFIT SHIFTING

Conclusion

INTRODUCTION

- The Tax procedure book frames the action of tax investigators by providing the legal tools for tax investigation purposes and the way these tools must be used.
 - A brief presentation of the means of investigation in our country is useful before dealing with the chosen case of profit shipping.
 - Without forgetting the difficulties faced during this investigation.
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REPUBLIQUE DE COTE D'IVOIRE



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CODE GENERAL DES IMPOTS

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- CODE GENERAL DES IMPOTS
- LIVRE DE PROCEDURES FISCALE
- AUTRES TEXTES FISCAUX.

IVOIRE-JURISTE

I. LEGAL TOOLS OF TAX INVESTIGATION

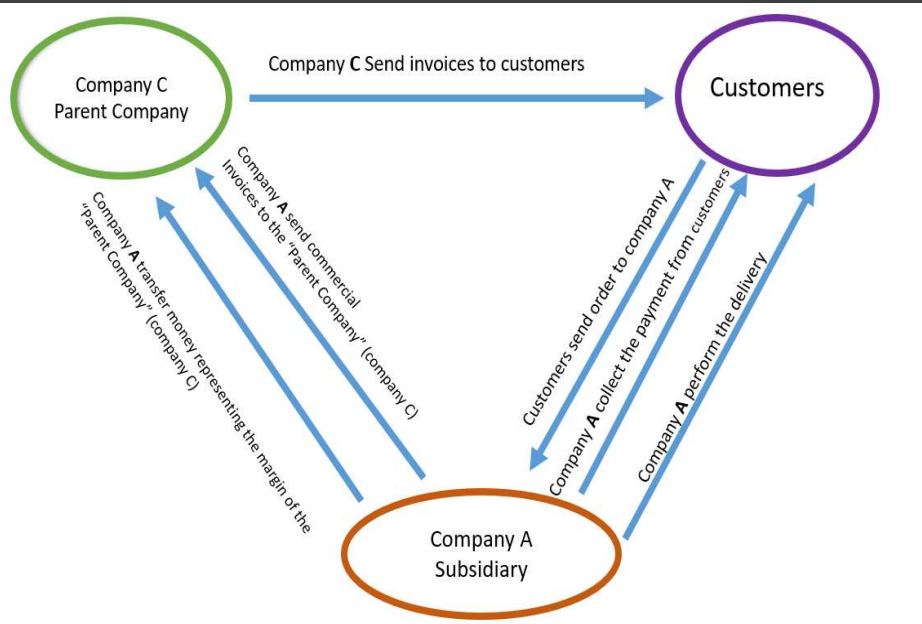
- *The means of investigation are used to collect tax information*
- **The right of communication** allows the tax administration to collect information on a given taxpayer from some thirds.
- **The right of inquiry:** this means of investigation is used to look for shortcomings in the legal rules covering billing, bookkeeping, and tax declaration. It begins with a notice of inquiry.
- **Visitation right:** with this right, the tax administration is granted access to business premises for seeking and seizing evidence of a tax offense.
- **Traffic control:** a method of implementation of the visitation right. Any means of goods transportation is likely to be subject to this traffic control.



II. ANALYSIS OF AN EXAMPLE OF PROFIT SHIFTING

- The following fraudulent scheme was used by mister X for tax avoidance purposes.
- Step 1./ concealing the beneficial owner of his company by creating an opaque entity;
- Mister X will create company A in Cote d'Ivoire with two other companies (B and C) as shareholders with the seek to conceal the beneficial owner of the company created A.
- While company B appears clearly to be the property of mister X according to information available in the tax administration database, we had trouble identifying the beneficial owner of company C. This last company was created under Mauritian law.
- however, it should be noted that it was mister X who requested from the notary to include and classify among his minutes, a copy of the private deed establishing the statutes of company A. he appeared alone and declared, in the deed of requisition for the filing of documents to act as the representative of companies B and C.
- The observation is that company C, the Mauritius company does not have its address. It is under the cover of another company. Moreover, the « tutor » of Company C, C'S is presented par the jersey finance, a non-governmental organization as a company recognized in the Mauritian region for its expertise in issues related to complex international transactions.

II. ANALYSIS OF AN EXAMPLE OF PROFIT SHIFTING (Suite)



- Step 2: shipping a part of company A's profit to company C

- It should be indicated that most of the turnover achieved by company A is from exports. For this purpose, orders for goods are to company A by various companies located abroad.

- Deliveries of these different customers are ensured by company A. However, sales invoices are paradoxically addressed by company C.

- Indeed, company C is presented as the sole export customer of company A. In this scheme, Company C, the parent company is supposed to act as the distributor of company A products. In other words, the parent company (company C) will resell by adding a margin to the prices charged to it by company A. However, this scheme did not reflect the reality insofar as the parent company plays no significant role in value creation. Likewise, it does not bear any cost risks. The product manufactured in Cote d'Ivoire by company A is delivered directly to the foreign customer. As a result, Company C was content to speculate on the work of company A.

