



South-East Europe Regional Workshop
“Challenges of Preventing and Prosecuting VAT Fraud in the Enlarging EU Market”
Sofia, 27-28 November 2008
under HERCULE II Grant Program of the European Commission
“Training in the area of the fight against fraud”

General Information

The regional anti-fraud workshop is hosted by the **Governance Monitoring Association**, a NGO based in Sofia and the **National Revenue Agency** of Bulgaria with the financial support of the **European Anti-Fraud Office (OLAF)** and the **Regional Anti-Corruption Initiative** in Sarajevo

Time: 27-28 November 2008.

Venue: Sofia, Bulgaria, Hilton Hotel

Objectives: The purpose of the seminar is to educate revenue and law-enforcement officers in the countries from South-East Europe on risk management, investigation and prosecution of cross-border VAT fraud. It will pursue the following objectives

1. Review of the effect of various prevention and risk-management instruments (the VIES system, the EUROCANET the joint liability principle, the reverse charging, etc.)
2. Exchange of knowledge and experience on the practical aspects of the application of successful policy and investigation tools in the participant countries and the lessons learned.
3. Monitoring and evaluation of the impact of anti-fraud policies with an emphasis on measuring the losses.
4. Studying the feasibility of launching an anti-fraud exchange of information network in South-East Europe

Participants top and middle-level managers and experts directly involved in the prevention, investigation and prosecution of VAT fraud from ten countries in South-East Europe: Bosnia and Herzegovina, Bulgaria, Cyprus, Greece, FYR Macedonia, Montenegro, Romania, Serbia, Slovenia, and Turkey.

Working language English

Programme

The program includes 18 presentations organized in one opening and six plenary sessions, which start at 9:00 a.m. on Thursday, November 27 and finish about 4:00 p.m. on Friday, November 28

Day 1 (Nov. 27, 2008)

8:30 – 9:00 Registration of the participants

9:00 – 10:30 Opening Session

Welcome addresses

Mr. Plamen Oresharski, Minister of Finance of Bulgaria (TBC)

Mr. Boyko Velikov, MP, Head of the Standing Anti-corruption Committee of the Bulgarian Parliament

Mr. Gerald Barnett, OLAF

Mr. Stanislav Aleksandrov, Regional Anti-Corruption Initiative, Secretariat, Sarajevo

Keynote speakers

Mr. David Boubilil, DG TAXUD:

1. VAT fraud: Policy and Enforcement Issues

The opening presentation sets out the context of the fight against tax fraud in the EU, the options envisaged, the strategy adopted, the measures already undertaken, the measures to come soon, and the EC approach to the longer term.

Mrs. Maria Murgina, Executive Director National Revenue Agency of Bulgaria:

2. The fight against fraud: the regional perspective

10:30 – 10:45 Coffee break

10:45 – 12:15 Session I: *VAT fraud: Policy and Enforcement Challenges*

Moderator: Mr. Stamen Tassev, Executive Director, BBLF

3. MTIC VAT fraud : challenges for the Member States' anti-fraud units and the role of OLAF in supporting their actions

Beatrice Sarrot- Reynauld-de-Cresseneuil, OLAF

4. “Sizing” the problem: Top-down versus bottom-up approach in evaluating the fiscal losses and the effect of policy

Trifon Pavkov, National Revenue Agency of Bulgaria

5. The fight against VAT Fraud - Aspects from the perspective of legitimate businesses

Karl-Heinz HAYDL, VAT Manager, Business Europe/GE

The focus is on the nature, magnitude and root drivers of VAT fraud in the context of the cost borne by the legitimate business and society at large. Drawing on real business experience, it discusses the impact on the business of the various countermeasures applied so far, as well as the role of the compliant business in reducing the risks and costs of VAT fraud.

Q&A and Discussion

12:15 – 13:30: Lunch break

13:30 – 15:00 Session II *Risk management and prevention*

6. Risk analysis and detection of VAT fraud,

Dominique Driesen and Yanik Hulot, Federal Revenue Service, Belgium

7. An early warning scheme to prevent VAT fraud

Vasco Guimaraes, Portugal

8. Operational aspects of risk management: The Bulgarian Experience

Nikolay Petkov Nedelcho Mitev, Anti-fraud directorate, National Revenue Agency Bulgaria

Q&A and Discussion

15:00 – 15:15 Coffee break

15:15 – 16:45 Session III *Investigation and prosecution*

9. Investigating VAT fraud in connection with cross-border trade within the European Union

Prof. Dan Magnusson, Jönköping International Business School, Sweden

10. Joint and several liability: Case law of the European Law of Justice

Redmar Wolf, LL.M., Baker and McKenzie, Amsterdam

The relevant case law of the ECJ is reviewed. What possibility it offers to address VAT fraud? How could the introduction of a joint and several liability help the tax authorities? The focus is on the experience of the Netherlands with the principle of joint and several liability.

11. Lessons from the judicial practice

Panayot Genkov, Judge, Chairman of Division 1A of the Supreme Administrative Court of Bulgaria

1A Division of the Supreme Administrative Court is specialized in cases related to the VAT Act. The summary of the lessons from the court rooms is informative about the chances of the evidence collected during audit and investigations to stand the test of fair judicial process.

Q&A and Discussion

16:45 – 17:00 Break

17:00 – 18:30 Session IV: *Changing the way the VAT operates?*

12. Impact assessment of anti-fraud regulations

Prof. Konstantin Pashev, New Bulgarian University

Anti-fraud regulations aim at fiscal and economic benefits for society, but they inevitably imply as well costs for the private and public sector. Accounting for these benefits and costs is vital for the choice of optimal policy solution. The principles of RIA in regard to anti-fraud instruments will be introduced and examined in the framework of real policy options like reverse charging and VAT account.

13. Use of the Reverse Charge Mechanism in Combating VAT fraud – The Dutch Experience

Redmar Wolf, LL.M., Baker and McKenzie, Amsterdam

In the Netherlands, VAT fraud in the (real estate) construction industry was successfully addressed by introducing a reverse charge mechanism for specific transactions. Legal background and lessons to be learned.

14. Alternative solutions: Reducing VAT fraud and cutting administrative burdens with new technology

Chris Williams, Chairman, RTvat Ltd. Brussels

The value functions of the so called RTvat technological solution will be examined and how it is expected to reduce simultaneously the risks of fraud and the administrative and compliance costs of the legitimate businesses.

Q&A and Discussion

19:00 – Dinner

Day 2

9:00 – 11:00 Session V: Cross-border cooperation

Moderator:

15. Raising the VIES functionality and productivity

David Boubilil DG TAXUD

16. "Eurocanet - A detection tool for carousel fraud"

Dominique DRIESEN, Frank PHILIPSEN Federal Revenue Service, Belgium

17. International cooperation for risk analysis and prevention of fraud

Yanic HULOT, Federal Revenue Service, Belgium това се повтаря с точка 6

18. Exchange of information between customs offices

Julia Jordanova, Head of Customs Office, Sofia

Q&A and Discussion

11:00 – 11:15 Coffee break

11:15 – 13:00 Session VI: Studying the feasibility of a regional anti-fraud exchange of information network in SEE (RAFEIN),

Moderator: Prof. Konstantin Pashev

- The target functional parameters of AFEIN (Mr. Nikolay Petkov Mr. Nedelcho Mitev)
- Making it work: the road ahead: Launching of a regional taskforce of interested parties

Discussion

13:00 – 14:30: Lunch Round –up and Closing of the Workshop. Award of Certificates to the participants

14:30 – Session VI (continued). Meeting of the task force for RAFEIN

Networking and Bilateral Meetings.

Departure of participants

Introducing the workshop speakers

(In order of appearance)

David Boublil has been active in the field of VAT for the last 14 years including the last five years in the European Commission. In his current position Mr. Boublil is in charge on the one hand of administrative cooperation between tax administration, the IT systems that allow this cooperation, and issues related to the use of IT in tax administration, in particular, e-auditing, e-archiving, e-invoicing, internet monitoring and search tools. On the other hand he has direct responsibilities in regard to developing new policies and approaches to the fight against tax fraud some of which are included in his presentation.



Maria Murgina, Executive Director of the National Revenue Agency of Bulgaria

Stamen TASSEV, Executive Director, Bulgarian Business Leader Forum and Deputy Minister of Finance (2002-2006) responsible for tax policy

Beatrice Sarrot Reynauld de Cresseneuil is in charge of mutual assistance between the member states in the fight against fraud in OLAF

Trifon Pavkov is Director of the Policy Analysis and Strategic Planning Directorate of the National Revenue Agency of Bulgaria

Karl-Heinz Haydl is a European VAT Manager in General Electric's European corporate VAT team based in Munich, Germany. He joined GE 10 years ago and is dealing with pan-European VAT matters. In 2003/2004 Karl-Heinz coordinated GE's EU Accession project on VAT which led to his regional focus as corporate VAT Manager for Central and Eastern Europe. Karl-Heinz represents GE in various VAT committees in Germany, on a European level (Business Europe), at the OECD (BIAC) and coordinates GE's European VAT Policy Affairs. He follows and is actively involved in the discussions on the fight against VAT fraud since 2000 and participated in various conferences on this topic during this time. Prior to GE he worked 4 years for a Big 4 advisory company in Germany where he advised multinational clients on German and pan-European VAT matters. Before he worked 3 years for the German tax authorities. Karl-Heinz studied business economics at the University of Applied Sciences in Pforzheim, Germany and received a degree in business administration.



Dominique DRIESEN, 51 years, is experienced for more than 25 years in the struggle against VAT fraud. At the end of the nineties he was leading the National Audit Centre for Carousel fraud (CNCC). In 2000, he participated to the creation of the Carousel fraud support unit (OCS), a multidisciplinary joint-venture between police and finance departments. He is now in charge of the analysis of MTIC fraud chains and he initiated the creation of information exchange networks on EU level like EUROCANET and recently AUTOCANET.



Yannic HULOT, 39 years, has a Master degree in economics and is the present fiscal Coordinator of the OCS. He made up his experience on the field leading a local VAT audit centre for a decade. He initiated automated detection methods for carousel fraud allowing also the evaluation of the fraud. He is also an initiator of the EUROCANET and AUTOCANET networks and is leading the fraud modelling project (datamining) of the Belgian Ministry of Finance.



Professor VASCO BRANCO GUIMARÃES is a Senior Researcher at the Centre for Fiscal Studies at the Portuguese Ministry of Finances and a Tax Law Professor at the Lisbon Academy. He has a PhD degree in Tax Law with the UCLM of Toledo Spain and has several publications on tax matters. He attended as trainer several training sessions on the issue of VAT fraud in Slovakia, Romania and Bulgaria.



Nikolay Petkov

Nedelcho Mitev

Professor Dan Magnusson received his Ph. D. at Lund University in 1979. In 1977–1998 he was a researcher and Head of Department at the Swedish National Council for Crime Prevention where he did research within the fields of economic crime, crime prevention, private security and the effects of different methods of treatment of offenders in prison. In July 1994 Magnusson was appointed Adjunct Professor of Law and Society at Jönköping International Business School. In April 1998 he was as well appointed Head of Department at the Development Unit at the Swedish National Economic Crimes Bureau in Stockholm where he worked as an analyst until 2006 06 01. Since that time he has been working as Adjunct Professor at Jönköping International Business School making research mainly within the field of economic and organised crime. Dan Magnusson has a long experience of international research cooperation and he has a wide international network of researchers within the field of economic and organised crime and the combating of terrorism



Redmar Wolf is a tax attorney (partner) with Baker & McKenzie in Amsterdam, the Netherlands. Mr. Wolf represented various Dutch companies that were unwillingly involved in the (carousel) fraud, including companies that were held liable under the special joint and several liability provisions. Apart from this practical experience, Mr. Wolf has published a range of articles on carousel fraud and is a regular speaker on this topic.



Judge Panayot Genkov is Chairman of Division 1A of the Supreme Administrative Court, which is specialized on appeals related to the VAT Law. Judge Genkov has a Law degree from Sofia University. He has an outstanding professional career as judge: from the Regional Court in Yambol, through member and deputy chairman of the Military Court in Sliven, up to Chairman of District Court in Yambol and since 1999 Judge in the Supreme Administrative Court and Member of the Supreme Judicial Council (2003-2007).



Konstantin Pashev holds PhD in Economics from Meiji University in Tokyo, and is Associate Professor in Public Finance (Tax Policy and Administration) in the New Bulgarian University in Sofia and Member of the Board of the Governance Monitoring Association. He has authored policy and research articles in peer-reviewed journals and book chapters on the subject of VAT fraud, tax compliance and the grey economy. Previously he has worked as General Manager of Panasonic Eastern Europe Sofia Office, Senior Economist of the World Bank Sofia Office and Senior Economist in the Center for the Study of Democracy in Sofia.



Chris Williams is a transaction processing and international finance consultant, based in London, Boca Raton, Florida and Brussels. He developed The Bankers Network Inc. as an early stage usage of secure web technology in the 1990's before selling the company to Dow Jones. He has managed a number of financial companies, as well being on the Board of several non-profit trade associations. He is currently primarily acting as Chairman of RTvat, a non-profit group based in Brussels, which has developed a technological solution to greatly reduce VAT fraud.



Frank Philipsen, 54 years, is graduated in modern languages and fiscal sciences. Whole his career is to be situated within the fiscal administration. After having made different promotions in the department, he has been attached, from August 1999 till May 2005, to the staff of the Minister and Secretary of State of Finance. In this quality he was mainly focussed on the simplification of the fiscal procedures and the struggle against fraud. Since June 2005 he is nominated as administrator of the special tax inspectorate and in this way responsible for the coordination of the battle against fiscal fraud principally targeted on the big financial criminality.



Julia Jordanova is head of the Customs Office in Sofia