

Eurojust supports action against tax fraud in Hungary

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✖ Authorities in Hungary, Slovakia, Poland, the United Kingdom and the United States of America, with the active assistance of Eurojust and Europol, have taken action against an elaborate tax fraud scam by a Hungarian-led, international organised criminal group (OCG). During two action days, seven people were arrested, including the leader of the criminal group, who was apprehended in the United States of America in a speedy procedure. Overall, 193 premises were searched and 37 people were brought in for hearings regarding their alleged participation in the setting up of shell companies, which provided false invoices to avoid VAT payments to the Hungarian fiscal authorities. The scam, which also involved money laundering, led to a loss of approximately EUR 3 million to Hungary. In addition, approximately EUR 2.3 million in cash and goods have been seized, including real estate, two luxury cars and bitcoin.

The main suspect set up companies that provided fictitious invoices to other enterprises, without in reality delivering any goods or services. The enterprises that received the bills deducted these from their VAT payments in Hungary, leading to the net fiscal loss. The fraud took place between January 2015 and September of this year. To conceal the gains from the tax authorities, the suspect is alleged to have set up several companies managed by foreign nationals. The companies issuing fake invoices were on paper also directed by managers of foreign origin.

Eurojust set up a coordination centre to support the action days, and assisted in providing European Investigation Orders (EIOs) to facilitate the Hungarian investigation. In September of this year, a coordination meeting was held at Eurojust, which was attended by the Hungarian, Slovak and UK authorities, and with on-call coordination between the countries involved, to ensure a smooth exchange of information and efficient preparation for the action days.

National authorities involved:

- *Hungary*: The Hungarian investigation was supervised by the Chief Public Prosecution Office of Komárom-Esztergom County and conducted by the National Tax and Customs Administration, Central-Transdanubian Criminal Directorate.
- *United States of America*: The arrest of the alleged ringleader was made by the Federal Bureau of Investigation-led Task Force consisting of the Los Angeles Police Department and Los Angeles County Sheriff's Office. The US Department of Justice's Office of International Affairs and the US Attorney's Office for the Central District of California are handling the extradition of the alleged leader.
- *Slovakia*: The Regional Prosecutor's Office Nitra.

- *Poland*: The Regional Prosecution Office Częstochowa.

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