

# Press release: Directors banned after attempting to cheat millions in complex VAT scam

The two directors, Nadeem Ahmed and Ulhaque Ahtamad, were involved in highly complex Missing Trader Intracommunity (MTIC) fraud schemes, which involve artificially extended trading chains.

Typically in MTIC fraud schemes, at one end there is a 'missing trader defaulter' who imports goods and charges VAT to its UK customers but does not pay what is owed to HMRC.

At the other end of the chain, there is a 'broker', which is an exporter that seeks to reclaim the VAT that has not been paid. When challenged, the broker insists on being paid and denies knowledge of the default on VAT payment to HMRC as there are intermediate traders who act as 'buffers'.

In both cases, evidence presented by HMRC and the Insolvency Service demonstrated the artificial trading features, which enabled the courts to decide that the directors ought to have had knowledge of their involvement in MTIC trading.

Nadeem Ahmed, 42 from Forest Gate, London, was a director of Face Off South Ltd (FoS), which was wound up in April 2015 following a petition by HMRC for £199,072 in unpaid VAT.

Investigations found that between June and December 2006, FoS exported £38 million worth of mobile phones and computers. The company then filed quarterly returns with HMRC attempting to claim back VAT to which it was not entitled.

HMRC warned Nadeem Ahmed about the risks of MTIC wholesaling of electronic goods and that he should conduct more robust checks on his trading partners, goods and commercial procedures.

However, Nadeem Ahmed ignored the general warnings and the varied MTIC trading hallmarks, as well as specific advice that FoS's trades were traced to fraudulent losses.

Furthermore, despite the closure of FoS's account with an offshore bank complicit with MTIC fraud, FoS continued to trade for another VAT quarter by setting up an account with an unregistered offshore bank. Fraudulent losses in its trading chains totalled up to £2.3 million.

Following a trial in 2013, the court dismissed FoS's appeal for reclaims and found that Nadeem Ahmed knew the company's trades were connected to fraud.

And considering Nadeem Ahmed's knowledge of FoS's involvement with this fraud, the High Court has since ordered that he is banned from running

companies for 13 years – effective from 15 May 2018.

Nadeem Ahmed's ban closely follows a High Court order for the 15-year disqualification of Ulhaque Ahtamad – the maximum sanction possible.

Ulhaque Ahtamad was a director of Masstech Ltd, based in Gerrards Cross, Buckinghamshire, and traded in carbon emissions allowance and metals.

Following regulations restricting fraud in electronic goods wholesaling, MTIC fraudsters sought new opportunities in carbon credit trading and Masstech Ltd played the role of a buffer artificially extending an MTIC trading chains.

Investigators found that Ulhaque Ahtamad made sales of more than £38 million in the wholesale trade of carbon emission allowances and metals with little initial finance in place.

Masstech also entered into trading arrangements which were too good to be true and was repeatedly warned by HMRC, in particular against paying third parties who were not suppliers. This left no money along the supply chain to pay VAT to HMRC.

And Ulhaque Ahtamad was obstructive in his dealings with HMRC, he failed to advise them of Masstech's carbon credit trades or change of address, as well as preventing visits and sight of company records. He also paid £7.38 million to unconnected third parties, this topping the £7.1 million of tax losses in Masstech's supply chains.

Tony Hannon, Official Receiver for the Insolvency Service, said:

Both Ulhaque Ahtamad and Nadeem Ahmed involved their companies in complex VAT fraud schemes which attempted to cheat taxpayers out of millions of pounds.

The serious nature of their misconduct has been reflected in the severity of their disqualifications and this should serve as a clear and strong warning to others that we will not hesitate to use enforcement powers to investigate and disqualify directors whose companies defraud the public purse.

### **Notes to editors**

Nadeem Ahmed disqualification effective from 15 May 2018. Face Off South Ltd (FOS) (Company No. 05041464) was incorporated on 11 February 2004. Its trading address was at 421 Marshgate Lane, London E15 2NQ.

The petition to wind up the company was presented by HMRC on 25 February 2015 for £199,072 in respect of costs awarded against FOS for a VAT Tribunal and in respect of unpaid VAT. The winding up order was made against FOS on 20 April 2015.

Ulhaque Ahtamad's disqualification is effective from 3 May 2018. Masstech Ltd (CRO No. 02737217) was incorporated on 4 August 1992 as Masstech Ltd. Its trading address was at Bishops House Market Place, Chalfont St Peter, Gerrards Cross, Bucks, SL9 9EA.

The petition to wind up the company was presented by HMRC on 11 February 2013 for £7,484,940 in respect of unpaid VAT. The winding up order was made against Masstech Ltd on 25 March 2013.

A disqualification order has the effect that without specific permission of a court, a person with a disqualification cannot:

- act as a director of a company
- take part, directly or indirectly, in the promotion, formation or management of a company or limited liability partnership
- be a receiver of a company's property

Persons subject to a disqualification order are bound by a [range of other restrictions](#).

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