

# Press release: Maximum ban for director involved in multimillion VAT fraud

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

The Insolvency Service started to investigate Ulhaque Ahtamad after Masstech Ltd was wound up for debts owed to HMRC.

The investigation uncovered that between June and September 2009, Masstech Ltd, made sales of more than £38 million in the wholesale trade of carbon emission allowances and metals with little initial finance in place.

The company then filed quarterly returns with HMRC attempting to fraudulently reclaim UK VAT that 'missing traders' earlier in supply chains had failed to pay to HMRC. This was part of a Missing Trader Intracommunity (MTIC) fraudulent scheme.

In the MTIC fraud trading chain, Masstech Ltd acted as a 'buffer' trader. The buffer is an intermediate trader between at one end the 'missing trader', importing goods and not paying over VAT due to HMRC, and at the other end, the exporter seeking to reclaim VAT that had not been paid.

Buffers serve to increase the distance between the ends of the chain so that the exporter can deny knowledge of the default.

However, it was found that Ulhaque Ahtamad obstructed HMRC and repeatedly stalled their investigations into the company's trading. The court heard that Masstech Ltd entered into trading arrangements which were "too good to be true", and against which the company had been expressly and repeatedly warned by HMRC.

And Ulhaque Ahtamad made payments to unconnected third parties totalling at least £7.38 million, despite having been warned on more than one occasion by HMRC officers of the risks of third party payments in the context of MTIC fraud.

The VAT fraud, including wrongful VAT reclaims against HMRC, resulted in tax losses of over £7.1 million.

The court also heard that as the sole director with responsibility for all aspects of the company's trading, Ulhaque Ahtamad was involved in pricing decisions which ran against any commercial logic and could only be explained in terms of this fraudulent scheme.

And VAT registration and other due diligence checks on trading partners were superficial and inadequate and Ulhaque Ahtamad failed to act on standard commercial risk negative indicators and continued to trade regardless.

The court concluded that Ulhaque Ahtamad must have been a knowing participant in this scheme and that a 15 year ban, the maximum period of disqualification, was appropriate.

Justin Dionne, Official Receiver for the Insolvency Service, said:

“Masstech Ltd was involved in trading and making wrongful reclaims in a fraudulent VAT scheme which had been costing the UK Exchequer significant amounts of money at the time the fraud was perpetrated.

“This is not a victimless crime, the main impact being on honest tax payers and their families who as a result suffered the effects of funding shortages in healthcare, education and other front line services.

“Regulatory changes, investigative action and legal proceedings have reduced the scale of this fraud from 2007 onwards.”

“The Insolvency Service will not hesitate to use its enforcement powers to investigate and disqualify directors whose companies defraud the public purse.”

Ulhaque Ahtamad’s disqualification effective from 3 May 2018 means that he cannot promote, manage, or be a director of a limited company until 2033.

#### **Notes to editors**

Masstech Ltd (CR0 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.

On 12 April 2018 a 15 year Disqualification Order was made at the High Court against UlHaque Lone Ahtamad.

All public enquiries concerning the affairs of the company should be made to: The Official Receiver, Public Interest Unit (London), The Insolvency Service, 2nd Floor, 4 Abbey Orchard Street, London WC1B 3SS. Tel: 020 7637 6230 Email: [piu.or@insolvency.gsi.gov.uk](mailto:piu.or@insolvency.gsi.gov.uk).

The order was pronounced by Insolvency and Companies Court Judge Barber in the High Court of Justice .

Tiran Nersessian, of 4 Stone Buildings appeared for the Insolvency Service and no one appearing for or on behalf of the defendant.

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](#).

The Insolvency Service administers the insolvency regime, investigating all compulsory liquidations and individual insolvencies (bankruptcies) through the Official Receiver to establish why they became insolvent. It may also use powers under the Companies Act 1985 to conduct confidential fact-finding investigations into the activities of live limited companies in the UK. In addition, the agency deals with disqualification of directors in corporate failures, assesses and pays statutory entitlement to redundancy payments when an employer cannot or will not pay employees, provides banking and investment services for bankruptcy and liquidation estate funds and advises ministers and other government departments on insolvency law and practice.

Further information about the work of the Insolvency Service, and how to complain about financial misconduct, is [available](#).

## Contact Press Office

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