



## J5 launches international probe into sales suppression software

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NEW YORK – The Joint Chiefs of Global Tax Enforcement (J5) launched an international probe into the use of sales suppression software. The probe resulted in the arrest of five individuals in the United Kingdom who allegedly designed and sold electronic sales suppression systems internationally.

“This was a highly sophisticated, truly global attack on the international tax system,” said Simon York, Director of His Majesty’s Revenue & Custom’s (HMRC) Fraud Investigation Service. “The group behind this activity is suspected of enabling thousands of businesses to evade tax in what is a large-scale, technologically enabled fraud. Our ground-breaking response, with internationally co-ordinated action, marks a significant moment in our efforts to close the net on those we suspect of designing, supplying and using electronic sales suppression software. Most businesses pay the tax that they owe. HMRC is on the side of this honest majority and our action helps to ensure they are not being under-cut by tax-evading competitors. This is just the beginning of our work in this area, and we already have other suspected suppliers in our sights. We are urging all users of these types of systems to come to us before we come to them.”

Electronic sales suppression software permits businesses to hide sales on their electronic point of sales system to evade paying taxes on incurred sales. The software manipulates records by deleting sales and routing credit card payments through an offshore bank. The system was allegedly first introduced in the United Kingdom and then exported to businesses in the United States and Australia during the COVID-19 pandemic.

In addition to the United Kingdom, the J5 conducted coordinated actions in the United States and Australia to target software suppliers and users as part of the probe.

“Adding ESST [electronic sales system technology] to your point-of-sale system is a deliberate and underhanded act designed purely to under-report income and avoid tax obligations,” said John Ford, Deputy Commissioner of Integrated Compliance at the Australian Taxation Office. “It’s illegal, and it will not be tolerated here in Australia. Businesses using or promoting this technology are effectively stealing from the Australian community, and that’s simply not ok. Through the international collaboration (with J5), we have access to a global network of intelligence analysts and investigators – it’s only a matter of time before you’re caught by us, or one of our partners.”

“Deliberately using electronic sales suppression software to avoid paying taxes on sales is a blatant example of thinking you are bigger than the law. This kind of activity not only cheats the government out of taxes owed, it creates unfair advantages over businesses obeying the law and threatens their ability to make an honest living. The J5 has learned that this practice is a global problem, and we are currently reviewing the records of U.S. businesses who utilized this software. I look forward to standing beside my fellow J5 Chiefs in holding those accountable who have lost their way from fair business practices,” said Jim Lee, Chief of IRS Criminal Investigation.

“Nowadays, FIOD has an extensive focus on cryptocurrencies and virtual assets. The volume is increasing, and we recognize what this means for law enforcement. This is why we invest in smart technology and data analysis, in addition to traditional investigative work,” said Niels Obbink, Director General of the Dutch Fiscal Intelligence and Investigation Service. “FIOD focuses on the newer, more technologically advanced facilitators in the crypto space and digital criminal money flows. The use of technology and data, and various collaborations in targeted compositions, is a real game changer in the fight against crime.”

“By working closely with our J5 partners, Canada is able to share knowledge, expertise, and best practices, which helps us to identify tax schemes and their participants. Through our continued collaboration, our five nations are broadening the reach of tax crime enforcement,” said Eric Ferron, Director General, Criminal Investigations, Canada Revenue Agency.

U.S. taxpayers who wilfully violated the nation’s tax laws can voluntarily disclose previously unreported income, assets, investments, and accounts to the IRS. Certain conditions must be met to participate in this practice. Voluntary disclosure consists of two parts – a preclearance process and submission of a voluntary disclosure application. The preclearance request can be completed at this link: [Form 14457, Voluntary Disclosure Practice Preclearance Request and Application.](#)

This is the latest international probe to take place under the J5 umbrella. The J5 works together to gather information, share intelligence and conduct coordinated operations against transnational financial crimes. The J5 includes the Australian Taxation Office, the Canada Revenue Agency, the Dutch Fiscal Intelligence and Investigation Service, His Majesty's Revenue and Customs from the United Kingdom and IRS Criminal Investigation from the United States. For more information about the J5, please visit [www.irs.gov/j5](http://www.irs.gov/j5).

