JOINT CHIEFS OF GLOBAL TAX ENFORCEMENT

One Year In, J5 Making a Difference

June 5, 2019 – Washington, DC

Leaders from five international tax organizations met in Washington, DC, this week to mark the one-year anniversary of the formation of the J5 and announce the results from its first year. The meeting coincided with a global cyber training event hosted by the United States at the World Bank.

The five Chiefs who make up the Joint Chiefs of Global Tax Enforcement (J5) have spearheaded this new operational organization specifically focusing on shared areas of concern and cross-national tax crime threats including cyber-crime and crypto-currency as well as enablers of global tax evasion, while working to share intelligence and data in near real time.

The J5 includes the heads of tax crime and senior officials from the Australian Criminal Intelligence Commission (ACIC) and Australian Taxation Office (ATO), the Canada Revenue Agency (CRA), the Dutch Fiscal Intelligence and Investigation Service (FIOD), Her Majesty's Revenue & Customs (HMRC), and Internal Revenue Service Criminal Investigation (IRS-CI).

The J5 is involved in more than 50 investigations involving sophisticated international enablers of tax evasion, including a global financial institution and its intermediaries who facilitate taxpayers to hide their income and assets. These highly harmful, high-end enablers of tax evasion were previously thought to be beyond the reach of the member countries. The agencies are also cooperating on cases covering crimes from money laundering and the smuggling of illicit commodities to personal tax frauds and evasion. Additionally, there have already been hundreds of data exchanges between J5 partner agencies with more data being exchanged in the past year than the previous 10 years combined.

Each J5 country has leveraged different capabilities to enhance the effectiveness and success of the J5. Working within existing treaties and laws, J5 countries shared information and were able to open new cases, more rapidly develop existing cases in the enforcement process, and find efficiencies to reduce the time it takes to work cases.

"I'm pleased with the progress the J5 has made on several significant investigations since its establishment last year," said Will Day, Deputy Commissioner, ATO. "The collective intelligence available through the J5 is instrumental in enabling us to tackle serious and organised financial crime threats located in both Australia and offshore."

"Tax crimes continue to evolve in their level of sophistication and complexity, which is why it is essential that we collaborate with our international partners to combat tax evasion," said Stephane Bonin, Director General, CRA. "After one year working with the J5, we are now all better equipped to conduct operations together in the fight against those who commit, promote and enable international tax crimes and money laundering. Together, we will continue to tighten the net on those who break tax laws, and ensure they face the consequences of their actions."

"The cooperation between the J5 countries is becoming more effective and operational," said Hans van der Vlist, General Director FIOD. "Two weeks ago we took offline an important online mixer for cryptocurrencies. We are now analyzing the seized information. We expect good leads for investigations in J5 countries. Another example is the FCInet matching system that will help us in the fight against transnational fiscal and financial crime."

"When we launched the J5 we were clear that we wanted to use our combined powers and expertise to close the net on offshore tax evaders, international organised crime groups and those who help them," said Simon York, Director HMRC Fraud Investigation Service. "In just 12 months, that net has tightened with more than 50 investigations underway, meaning that now some of the most harmful or most prolific enablers of tax crime are in our sights. This builds on work that has seen HMRC secure more than £2.9bn from offshore tax evaders since 2010. Our message remains clear - no matter how safe you think you are, the J5 are closing in."

"I'm extremely proud of the work we have accomplished in just one year since the formation of the J5," said Don Fort, Chief of IRS-CI. "Each country came to the group with expectations and challenges that needed to be overcome so we could each realize our goal. We have found innovative ways to tackle these problems, remove barriers, and develop processes that make the sum of all of our parts a much more efficient and successful organization. It is not a good time to be a tax criminal on the run—your days are numbered."

In addition to the group's work with enablers and virtual currency, the J5 also focused on platforms that enable each country to share information in a more organized manner. FCInet is one such platform that each country has invested in to further that goal. FCInet is a decentralized virtual computer network that enables agencies to compare, analyse and exchange data anonymously. It helps users to obtain the right information in real-time and enables agencies from different jurisdictions to work together while respecting each other's local autonomy. Organizations can jointly connect information, without needing to surrender data or control to a central database. FCInet doesn't collect data, rather it connects data.

Offshore evasion is an international issue that affects more than just the J5 countries and calls for international solutions. Collectively, the J5 has taken the unprecedented action to revolutionise transparency internationally. As a result of its leadership in this space, J5 countries are making it harder for people to dodge taxes by hiding their money abroad.

The cyber training this week was hosted by IRS-Criminal Investigation (IRS-CI) in conjunction with the World Bank. The event brought in more than 120 international and domestic law enforcement partners from approximately 20 countries to address emerging areas associated with cybercrime. Over the past several years, IRS-CI has been a leader in cyber-crimes and the investigative work worldwide. Training was provided on virtual currency, blockchain and the dark web. Additionally, case presentations were presented from IRS-CI special agents and members of the J5 working group. The last day of training consisted of advanced trainings on cryptocurrency tracing and open source intelligence.

Leaders of tax enforcement authorities from Australia, Canada, the Netherlands, the United Kingdom and the United States established the joint operational alliance known as the J5 in mid-2018 to increase collaboration in the fight against international and transnational tax crime and money laundering. For more information about J5, please visit www.irs.gov/J5.

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