



JOINT CHIEFS OF GLOBAL TAX ENFORCEMENT

J5 tax chiefs closing the net on global tax evasion

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Leaders from five international tax organisations came together in Sydney, Australia this week to review the J5's progress in their fight against transnational tax crime and set priorities for the year ahead.

The Joint Chiefs of Global Tax Enforcement (J5) was formed in 2018 after a call to arms from the OECD Taskforce on Tax Crime and has been working together to gather information, share intelligence and conduct coordinated operations, making significant progress in each country's fight against transnational tax crime.

The J5 includes the Australian Taxation Office (ATO), Her Majesty's Revenue and Customs (HMRC) from the UK, Internal Revenue Service (IRS) Criminal Investigations from the US, the Canadian Revenue Agency (CRA) and the Dutch Fiscal Information and Investigation Service (FIOD).

Together, each country is better equipped in the fight against those who commit, promote and enable international tax crimes and money laundering.

Last month, the group executed a globally coordinated day of action against an international financial institution suspected of facilitating money laundering and tax evasion. Evidence, intelligence and information collection activities such as search warrants, interviews and subpoenas were undertaken in each country and significant information was obtained and shared as a result.

Australian Taxation Office (ATO) Deputy Commissioner and Australia's J5 Chief, Will Day said the investigation into this financial institution and its clients is just one example of the work the ATO has been doing with the J5 to investigate Australians who are using offshore arrangements to evade their tax obligations.

"Tackling the abuse of correspondent banking arrangements was at the heart of our day of action last month, and we are looking beyond just a single financial institution in Central America. We have fears there are many hundreds of Australians caught up in these arrangements, and working with our J5 partner agencies we are continuing to tighten the net on those who are engaging in and enabling transnational tax crime."

"The effectiveness and success of the J5 is underpinned by a strong understanding of the common risks and threats we face. By working together to identify and understand these issues, we are able to shape and strengthen our operational, tactical and strategic response to focus on those areas that cause the most impact. We're tackling tax crime together" Mr Day said.

The group has shared expertise to identify the most common and impactful mechanisms, enablers and structures that are being exploited to commit transnational tax crime and will be focusing on those criminals who present the greatest threat to the J5 countries in 2020.

Simon York, Chief and Director of Her Majesty's Revenue and Customs (HMRC)'s Fraud Investigation Service said that the introduction of automatic exchange of financial information between countries, registers of beneficial ownership, information from worldwide data leaks and improved tax enforcement had made hiding wealth offshore increasingly difficult.

"What this work shows is that tax evaders and organised criminals are resorting to ever more complex and obscure methods to hide their illicit gains and wealth. To stay one step ahead we have brought together world leading analysts to unpick their complex trails. Being a partner in the J5 means that we have five times the analytical capability, five times the data and five times the insight at our disposal. Harnessing this, we are now shining a light on evaders across the world, targeting our next wave of enforcement activity and ensuring no big time tax criminal remains beyond our collective reach."

"Seeing the transformation of the J5 from a group of countries with similar challenges and similar goals to a fully integrated organisation that is seeing operational successes is very exciting and should be a model for international collaboration at all levels," said Don Fort, Chief of IRS Criminal Investigation.

"The information shared, efficiencies gained, and investigations started based on the collaboration within this group have moved the needle by years in terms of results and successes. I expect 2020 will be a game changer for the J5 and criminals will not know what hit them." Mr Fort said.

Hans van der Vlist, Chief and General Director Fiscal Information and Investigation Service (FIOD), the Netherlands said "The J5 challenge in the United States at the end of 2019 was important in our fight against crypto criminality. The operational cooperation within the J5 is beginning to pay off and we see that the cooperation also has an impact on local investigations. For instance, last Monday the FIOD had action days in the Netherlands in two crypto investigations."

Canada Revenue Agency (CRA) Chief Eric Ferron said "To attack sophisticated criminal tax evasion, we need coordinated action and to be sharing best practices. This is why we value our partnership with the J5; it has allowed us to broaden our reach, better equipping all member countries to combat tax crimes. We look forward to continued collaboration and providing results as they become available."

For more information about J5, please visit www.irs.gov/J5.