



Valsts ieņēmumu dienests

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INFORMATION FOR THE MASS MEDIA

Rīga, 20.01.2017

SRS Finance Police Department in Cooperation with Lithuanian Colleagues Stops the Operation of Two Criminal Groups

The Finance Police Department of the State Revenue Service (hereinafter – “SRS”) stopped two organised groups of persons, which caused significant losses to the State budget within the period from 1 January 2015 to 30 November 2016 by implementing value added tax (VAT) fraud schemes. Within the framework of investigation, 46 searches were performed – in Lielvārde, Valmiera, Rīga and Rīga District. Six persons were detained, one of whom is currently under arrest.

In carrying out investigative and operational activities, it was established that one organised group of persons imported household appliances from Poland and evaded VAT payments on a large scale, using several fictitious companies.

Members of the other group, in turn, using several interrelated Lithuanian companies, imported electrical appliances from Poland and sold them to several interrelated Latvian companies. As the result of transactions, the value of goods was reduced. A “carousel scheme” was formed and goods were sold back to Lithuania, thus evading VAT payments on a large scale. The clients of the scheme included in their VAT reports transactions with fictitious companies, which had not actually taken place, thus reducing the amount of tax to be paid by companies into the State budget and obtaining the right to get the refund of the input VAT.

During the investigation of criminal proceedings, it was discovered that approximately eight actually operating companies and 40 companies with the signs of a fictitious company were involved in the schemes of fictitious transactions. Information obtained during investigation indicates that the interest of persons involved in the scheme in the Lithuanian market became topical along with the introduction of reverse VAT for mobile phones in Latvia. The total amount of losses caused to the State budget will be clarified during the investigation of criminal proceedings.

In December 2016, the SRS Finance Police Department initiated two criminal proceedings regarding the features of criminal offences stipulated in [Section 218](#) Paragraph three of the Criminal Law.

Within the framework of pre-trial investigation at the end of 2016, investigators of the SRS Finance Police Department performed 46 searches at the places of residence, in offices and cars of persons involved in criminal proceedings, during which significant evidence was obtained for committed criminal activities (documents, computers, telephones, code calculators). Within the framework of criminal proceedings, cooperation

was established with colleagues from Lithuanian law enforcement authorities, who carried out extensive procedural activities in Lithuania on the day of detainment of the groups.

During the detainment of the groups, investigators of the SRS Finance Police Department faced resistance of persons involved in criminal proceedings, who tried to hide and destroy material evidence, yet these attempts were prevented. It is to be noted that both said groups used the latest information technologies in their work, thus hindering the obtaining of evidence significant for criminal proceedings. Within the framework of criminal proceedings, six persons were detained, which were recognised as suspects, and the court applied a coercive measure "arrest" to one of these persons.

For the purposes of the investigation, currently no further information will be provided.

The information has been prepared by:

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