

PRESS RELEASE No 01/2024

06 February 2024

Operation by OLAF and Italian Customs finds 18 million euro VAT evasion

Joint Customs Operation Bellerophon uncovered more than 18 million euro of VAT fraud involving goods imported into the EU. The Operation was led by the Italian Customs (ADM) with the support of the European Anti-Fraud Office (OLAF) and the participation of eight more Member States.

Joint Customs Operation (JCO) Bellerophon focused on the potential evasion of import duties and VAT relating to goods, mainly textiles, footwear and toys, imported into the EU under so-called customs procedure 42. Customs procedure 42 applies when goods enter the EU through one Member State but have another Member State as their final destination. The procedure allows importers to obtain a VAT exemption in the EU country of entry. VAT is then due in the EU country of actual destination.

OLAF and its partners found attempts to abuse the facilitations of customs procedure 42 via so-called missing trader schemes (see below for background). The majority of instances detected by the operation were on the China-Greece-Italy maritime route, with the port of Piraeus as principal import entry point and Italy as the main final market.

Control activities were coordinated with the customs authorities of eight other EU Member States. The operational phase, with direct controls of goods at the border, took place between 5 and 23 June 2023 and identified several missing traders and undervalued imports. These activities were subsequently followed by a post-operational phase that ended in January this year, consisting in audits on the final consignees of the goods in Italy.

A final debriefing meeting on the results was held last week at the headquarters of the ADM in Rome. The participating countries and OLAF discussed the intelligence gathered during the operation and future cooperation to counter this type of fraud.

OLAF Director-General Ville Itälä commented: *"JCO Bellerophon has yielded some very tangible results to the benefit of EU citizens. VAT and customs duty evasion results in lost tax revenue, which directly affects a country's spending on public goods and services to the benefit of its citizens, such as schools and hospitals. VAT is also a source of revenue for the EU budget. OLAF's investigators have been supporting national authorities in combatting customs fraud for years now, and we remain committed to that."*

As a further result of the controls carried out during JCO Bellerophon, two big shipments of counterfeited goods were also seized. They contained 127,000 counterfeit hats and clothing items, as well as 4 million cigarette packs.

More information can be found in [ADM's press release](#).

Background

Customs procedure 42 allows for a VAT exemption in the first country on entry into the European Union when the goods have their final destination in a different EU Member State, under the principle that VAT will be due in the Member State of destination. 'Missing trader' fraud schemes can vary in their complexity and in their international dimension. However, they generally involve a trader charging VAT on the sale of goods and then taking off instead of paying the VAT to the national authorities as due – hence the name of the scheme, the trader goes 'missing'.

OLAF mission, mandate and competences:

OLAF's mission is to detect, investigate and stop fraud with EU funds.

OLAF fulfils its mission by:

- carrying out independent investigations into fraud and corruption involving EU funds, so as to ensure that all EU taxpayers' money reaches projects that can create jobs and growth in Europe;
- contributing to strengthening citizens' trust in the EU Institutions by investigating serious misconduct by EU staff and members of the EU Institutions;
- developing a sound EU anti-fraud policy.

In its independent investigative function, OLAF can investigate matters relating to fraud, corruption and other offences affecting the EU financial interests concerning:

- all EU expenditure: the main spending categories are Structural Funds, agricultural policy and rural development funds, direct expenditure and external aid;
- some areas of EU revenue, mainly customs duties;
- suspicions of serious misconduct by EU staff and members of the EU institutions.

Once OLAF has completed its investigation, it is for the competent EU and national authorities to examine and decide on the follow-up of OLAF's recommendations. All persons concerned are presumed to be innocent until proven guilty in a competent national or EU court of law.

For further details:

Kirill GELMI
Spokesperson
European Anti-Fraud Office (OLAF)
Phone: +32 2 29 88146
E-mail: olaf-media@ec.europa.eu
<https://anti-fraud.ec.europa.eu>

 [@EUAntiFraud](https://twitter.com/EUAntiFraud)

 [European Anti-Fraud Office](https://www.linkedin.com/company/eu-anti-fraud-office)

Theresa ZAHRA
Deputy Spokesperson
European Anti-Fraud Office (OLAF)
+32 2 29 57270
olaf-media@ec.europa.eu
<https://anti-fraud.ec.europa.eu>

 [@EUAntiFraud](https://twitter.com/EUAntiFraud)

 [European Anti-Fraud Office](https://www.linkedin.com/company/eu-anti-fraud-office)