



Valsts ieņēmumu dienests

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INFORMATION FOR THE MASS MEDIA

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The SRS Finance Police Department stops activities of a criminal group which dealt with sale of fodder grain and plastic granules

The investigators of the Finance Police of the State Revenue Service (hereinafter referred to as the SRS), having performed more than 17 searches in Riga and other regions of Latvia, stopped activities of a criminal group. The persons dealt with tax evasion and money laundering. Within the framework of criminal proceedings six persons were recognised as suspects.

In the course of investigation and operational activities the investigators of the SRS Finance Police Department stopped an organised group of persons which performed a chain of fictitious transactions in 2016 in order to evade the taxes and launder the proceeds of crime.

In September of this year, the SRS Finance Police Department initiated criminal proceedings on the basis of Section 218 Paragraph 3 and Section 195 Paragraph 3 of the Criminal Law. In November of this year, within the framework of pre-trial investigation performed at places of residence, vehicles, offices of the members of the criminal scheme, the investigators of the Finance Police performed 17 searches in Riga and the Districts of Riga, Limbaži, Jēkabpils. During the searches one of the members of the organised group performed a counteraction attempting to destroy the evidence but, thanks to the professionalism of the investigators, the counteraction was prevented and the evidence was not destroyed.

Currently, having performed the pre-trial investigation, it has been established that the chain of the fictitious transactions involved approximately 30 both fictitious and actually operating companies. The core of the group was formed by three persons who actually performed business activity by importing goods into Latvia from the neighbouring European Union states (Lithuania and Estonia) which they sold in Latvia.

Within the framework of the criminal proceedings five persons were arrested, four of which were taken to the bureau of temporary custody. Currently six persons have been recognised as suspects within the said criminal proceedings and they have been subjected to security measures which do not involve deprivation of liberty. The damage caused to the State budget is still being verified.

The clients of the scheme included transactions with fictitious companies which had not actually taken place in their VAT reports, thus reducing the amount of tax to be paid by their companies into the State budget and obtaining the right to carry out the refund of the input VAT.

In the course of pre-trial investigation, it was established that two types of goods were brought in from the European Union states - fodder grain and its products which were delivered to a processing company and a farm, as well as plastic granules which

were delivered to manufacturers of plastic products. Consideration should be given to the fact that the grain was imported mainly from February through June of 2016 but in July it was no longer imported because of the introduction of the reverse payment procedure of VAT in this field.

By the time the deadlines for filling the VAT returns were approaching, the actual turnover and the amount of VAT to be paid to the State budget were calculated, and a table was drawn up with the data on the goods (number of transactions, amounts and dates of transactions) which had to be purchased from fictitious suppliers. Both parties did not declare such transactions so that there would be no discrepancies in the statements to be filed to the SRS and so that the SRS would not have any suspicions that fictitious companies had been stated in the input VAT reports.

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

The information has been prepared by:

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