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**PRODUCT & SERVICE GUIDE**

# U.S., U.K. and Other Countries Tackle International Tax Fraud

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Leaders from five international tax organizations are marking the two-year anniversary of the formation of the Joint Chiefs of Global Tax Enforcement (J5) this week.

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

Taking advantage of each country's strengths, the J5's initial focus was on enablers of tax crime, virtual currency and platforms that enable each country to share information in a more efficient manner. Within the framework of each country's laws, J5 countries shared information and were able to open new cases, more completely develop existing cases, and find efficiencies to reduce the time it takes to work cases. Operational results have always been the goal of the organization and they have started to materialize.

"While operational results matter, I've been most excited at the other benefits that this group's existence has provided," said Don Fort, Chief, IRS Criminal Investigation. "In speaking with law enforcement partners domestically and abroad as well as stakeholders in various public and private tax organizations, there is real support for this organization and tangible results we have all seen due to the cooperation and global leadership of the J5."

During the two years since the J5's inception, hundreds of data exchanges between J5 partner agencies have occurred with more data being exchanged in the past year than the previous 10 years combined. Each J5 country brings different strengths and skillsets to the J5 and leveraging those skills and capabilities enhance the effectiveness and success of the J5.

Experts from the J5 countries have seen indications that tax offenders are embracing ever more complex methods to conceal their wrongdoings, creating multiple mechanisms and structures that are split across jurisdictions, taking advantage of those areas that offer secrecy and regulatory benefits. With this information, the J5 finds itself continuously adapting to the latest criminal methods and changing behaviors to prioritize the collective operational activity to tackle this dynamic threat picture.

Since the inception of the organization, two J5 countries have hosted events known as "Challenges" aimed at developing operational collaboration. FIOD hosted the first J5 "Challenge" in Utrecht in 2018 and brought together leading data scientists, technology experts and investigators from all J5 countries in a coordinated push to track down those who make a living out of facilitating and enabling international tax crime. The event identified, developed, and tested tools, platforms, techniques,

and methods that contribute to the mission of the J5 focusing on identifying professional enablers facilitating offshore tax fraud. The following year, the U.S. hosted a second “Challenge” in Los Angeles and brought together investigators, cryptocurrency experts and data scientists in a coordinated push to track down individuals perpetrating tax crimes around the world.

Last week, a Romanian man was arrested in Germany and admitted to conspiring to engage in wire fraud and offering and selling unregistered securities in connection with his role in the BitClub Network, a cryptocurrency mining scheme worth at least \$722 million. This plea was the first for a case under the J5 umbrella and stemmed from collaboration with the Netherlands during the “Challenge” in Los Angeles in 2019.

“The value of the Challenges cannot be overstated,” said Fort. “When you take some of the smartest people from each organization and put them in a room for a few days, the results are truly impressive. Each country found investigative leads and was able to further cases utilizing tools and techniques created by each country’s experts specifically for the Challenge. I see us doing more of these events in the future.”

Last year, the United States and the World Bank hosted cyber training in Washington, DC bringing together more than 120 international and domestic law enforcement partners from approximately 20 countries to address emerging areas associated with cybercrime, virtual currency, blockchain and the dark web. Additionally, to ensure J5 countries were using all law enforcement and legal tools available during their collaborative work, trainings were held in Sydney and the Netherlands on international elements of the UK corporate criminal offense legislation and prosecution opportunities to lawyers and public prosecutors.

After two years of collaboration, data sharing and accelerated casework, the J5 began seeing operational results in early 2020. J5 countries participated in a globally coordinated day of action to put a stop to the suspected facilitation of offshore tax evasion. The action was part of a series of investigations in multiple countries into an international financial institution located in Central America, whose products and services are believed to be facilitating money laundering and tax evasion for customers across the globe. 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. That investigation is ongoing.

“To see each country participate in a coordinated enforcement action all over the world at the same time with the same goal in mind was a real watershed moment for this organization,” said Fort. “And that was just the beginning. With dozens of cases in our collective pipelines, I’m excited to see what the next year brings in terms of operational results.”

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.

The 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.

For more information about J5, please visit [www.irs.gov/J5](http://www.irs.gov/J5).

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