



Effective Inter-Agency Co-operation in Fighting Tax Crimes and Other Financial Crimes



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Effective Inter-Agency Co-operation in Fighting Tax Crimes and Other Financial Crimes



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Background and Introduction

Financial crimes are growing in sophistication and criminals accumulate significant sums of money through offences such as drug trafficking, investment fraud, extortion, corruption, embezzlement, tax evasion and tax fraud. The nature of financial crime means that the same activity may violate a number of different laws. Different government agencies may be involved at various stages of tackling financial crimes, including the prevention, detection, investigation and prosecution of offences and the recovery of the proceeds of crime. Tax offences are often intrinsically linked to other financial crimes as criminals fail to report their income from illicit activities for tax purposes. Conversely, criminals may over-report income in an attempt to launder the proceeds of crime. The Financial Action Task Force ('FATF') has explicitly recognised the linkages between tax crimes and money laundering by adding tax crimes to the list of designated predicate offences for money laundering purposes in the 2012 update of its Recommendations.

Where criminal activity does cross national boundaries, the amounts involved can be staggering. A 2011 UNODC report¹ estimates that in 2000 to 2009 total proceeds from transnational organised crime was the equivalent of 1.5% of global GDP, or 870bn USD in 2009. Issues of financial crime are of concern to all countries, but particularly to developing countries. Illicit financial flows resulting from financial crimes strip resources from developing countries that could finance their long-term development. Although it is difficult to estimate the total amounts at stake, experts agree that the amounts at stake are vast.

The OECD has been active in this area for many years. As early as 1998 work was initiated in response to a call by G7 Finance Ministers which encouraged international action to enhance the capacity of anti-money laundering systems to deal effectively with tax related crimes. The OECD and the FATF subsequently strengthened co-operation in areas of mutual concern and, since 2003, the OECD has held Observer status at FATF meetings. In July 2009, the G8 Leaders called for further efforts in combating illicit financing, and acknowledged the progress being made by the FATF in improving the standards for combating money laundering and the financing of terrorism and by the OECD on international standards of transparency.

In its 2009² and 2010³ Recommendations, the OECD advocated greater co-operation and better information sharing between different government agencies involved in the fight against financial crimes both domestically and internationally. These

¹ United Nations Office on Drugs and Crime, Estimating Illicit Financial Flows from Drug Trafficking and Other Transnational Organized Crimes (October 2011).

² Recommendation on Tax Measures for Further Combating Bribery of Foreign Public Officials in International Business Transactions.

³ Recommendation to Facilitate Co-operation between Tax Authorities and Other Law Enforcement Authorities to Combat Serious Crimes.

recommendations are reproduced in the box at the end of this chapter. The OECD has also developed practical guidance in the form of handbooks to better enable tax officials to detect bribes and instances of money laundering.⁴ These handbooks have been translated into many languages and are being used by tax administrations around the world.

It was against this backdrop that Norway hosted the first Tax and Crime Forum held in Oslo in March 2011. The purpose of the Forum was to find more effective ways to use a ‘whole-of-government’ approach to counter financial crimes by harnessing the skills and knowledge of different agencies through better domestic and international co-operation. Inter-agency co-operation can enhance financial integrity and good governance by improving the effectiveness of countries’ abilities to fight financial crimes. In a world where criminals operate in a complex financial environment and across geographic boundaries, effective domestic and international inter-agency co-operation is the only viable response. The Forum asked the OECD, working with other international organisations and interested parties, to focus on improving inter-agency co-operation by mapping out different models of co-operation, their advantages and challenges with a view to developing best practice standards, and with a particular focus on the contribution that tax administrations can make in this regard. The importance of inter-agency co-operation was also underlined by the G20 Finance Ministers Communiqué of February 2012, which calls for an update by the OECD, together with the FATF, on steps taken to prevent the misuse of corporate vehicles and improve interagency co-operation in the fight against illicit activities.

This report describes the current position with respect to domestic inter-agency co-operation in 32 countries.⁵ The report, prepared by the Task Force on Tax Crimes and Other Crimes (TFTC), was presented and released at the second Forum on Tax and Crime held in Rome on 14–15 June 2012.

This report is not an end point but the beginning of a series. Financial crime is an issue for all countries around the world. Future work may be conducted to enlarge the country coverage and to further deepen the level of analysis, with a view to providing maximum insights into the most effective ways of fighting financial crimes. For example, co-operation between the customs administration and other agencies may be analysed. Further reports may also be prepared to measure progress and enable countries to benchmark their systems internationally. The ongoing objective is to identify ways in which agencies can work together in combating financial crime to deliver better results, in shorter time frames and with lower costs. Improvements on domestic inter-agency co-operation will also have a positive impact on cross-border international co-operation. While this report is limited to domestic co-operation, future reports may also cover aspects of international co-operation, a topic on which work is also underway in the TFTC.

⁴. OECD Handbook on Bribery Awareness for Tax Examiners and the OECD Handbook on Money Laundering Awareness for Tax Examiners and Tax Auditors.

⁵. Australia, Austria, Belgium, Canada, Chile, the Czech Republic, Denmark, Finland, France, Germany, Greece, Iceland, India, Ireland, Italy, Japan, Korea, Luxembourg, Mexico, the Netherlands, New Zealand, Norway, Portugal, the Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland, Turkey, the United Kingdom and the United States.

**Box. 1 Recommendation of the OECD Council to Facilitate Co-operation
between Tax and Other Law Enforcement Authorities to Combat Serious Crimes**
14 October 2010

THE COUNCIL

Having regard to Article 5 b) of the Convention on the Organisation for Economic Co-operation and Development of 14 December 1960;

Having regard to the Recommendation of the Council on Tax Measures for Further Combating Bribery of Foreign Public Officials in International Business Transactions;

Having regard to the Recommendation of the Council concerning the Model Tax Convention on Income and on Capital (hereafter the “OECD Model Tax Convention”)

Having regard to the Conclusions of the 2010 meeting of the Council at Ministerial level and the Declaration on Propriety, Integrity and Transparency in the Conduct of International Business and Finance

Having regard to the Conclusions of the 2009 meeting of the Council at Ministerial level;

Having regard to the FATF 40 Recommendations and nine Special Recommendations;

Having regard to the 2009 OECD Money Laundering Awareness Handbook for Tax Examiners and Tax Auditors;

Considering that tax authorities can play an important role in the detection of all serious crimes and not only foreign bribery;

Considering that sharing information by tax authorities with other law enforcement authorities can advance efforts to detect, investigate and prosecute serious crimes;

On the proposal of the Committee on Fiscal Affairs;

I. RECOMMENDS that Members establish, in accordance with their legal systems, an effective legal and administrative framework and provide guidance to facilitate reporting by tax authorities of suspicions of serious crimes, including money laundering and terrorism financing, arising out of the performance of their duties, to the appropriate domestic law enforcement authorities.

II. FURTHER RECOMMENDS that Members consider to include in their bilateral tax treaties, the optional language of paragraph 12.3 of the Commentary to Article 26 of the OECD Model Tax Convention, which allows “the sharing of tax information by tax authorities with other law enforcement agencies and judicial authorities on certain high priority matters (e.g. to combat money laundering, corruption, terrorism financing)” and reads as follows:

“Notwithstanding the foregoing, information received by a Contracting State may be used for other purposes when such information may be used for such other purposes under the laws of both States and the competent authority of the supplying State authorises such use.”

III. INVITES non-Members to adhere to this Recommendation.

IV. ENCOURAGES all countries to distribute widely within their tax administrations the 2009 OECD Money Laundering Awareness Handbook for Tax Examiners and Tax Auditors.

V. INSTRUCTS the Committee on Fiscal Affairs to monitor the implementation of the Recommendation and to promote it in the context of contacts with non-Members and to report to Council as appropriate.

Box 2. Recommendation of the Council on Tax Measures for Further Combating Bribery of Foreign Public Officials in International Business Transactions

25 May 2009

THE COUNCIL,

Having regard to Article 5, b) of the Convention on the Organisation for Economic Co-operation and Development of 14 December 1960;

Having regard to the Recommendation of the Council on the Tax Deductibility of Bribes to Foreign Public Officials (hereafter the "1996 Recommendation"), to which the present Recommendation succeeds;

Having regard to the Revised Recommendation of the Council on Bribery in International Business Transactions;

Having regard to the Convention on Combating Bribery of Foreign Public Officials in International Business Transactions to which all OECD Members and eight non-members are Parties, as at the time of the adoption of this Recommendation (hereafter the "OECD Anti-Bribery Convention");

Having regard to the Commentaries on the OECD Anti-Bribery Convention;

Having regard to the Recommendation of the Council concerning the Model Tax Convention on Income and on Capital (hereafter the "OECD Model Tax Convention");

Welcoming the United Nations Convention Against Corruption to which most parties to the OECD Anti-Bribery Convention are State parties, and in particular Article 12.4, which provides that "Each State Party shall disallow the tax deductibility of expenses that constitute bribes";

Considering that the 1996 Recommendation has had an important impact both within and outside the OECD, and that significant steps have already been taken by governments, the private sector and non-governmental agencies to combat the bribery of foreign public officials, but that the problem still continues to be widespread and necessitates strengthened measures;

Considering that explicit legislation disallowing the deductibility of bribes increases the overall awareness within the business community of the illegality of bribery of foreign public officials and within the tax administration of the need to detect and disallow deductions for payments of bribes to foreign public officials; and

Considering that sharing information by tax authorities with other law enforcement authorities can be an important tool for the detection and investigation of transnational bribery offences;

On the proposal of the Committee on Fiscal Affairs and the Investment Committee;

I. RECOMMENDS that:

(i) Member countries and other Parties to the OECD Anti-Bribery Convention explicitly disallow the tax deductibility of bribes to foreign public officials, for all tax purposes in an effective manner. Such disallowance should be established by law or by any other binding means which carry the same effect, such as:

- Prohibiting tax deductibility of bribes to foreign public officials;
- Prohibiting tax deductibility of all bribes or expenditures incurred in furtherance of corrupt conduct in contravention of the criminal law or any other laws of the Party to the Anti-Bribery Convention.

Box 2. Recommendation of the Council on Tax Measures for Further Combating Bribery of Foreign Public Officials in International Business Transactions
25 May 2009 (cont.)

Denial of tax deductibility is not contingent on the opening of an investigation by the law enforcement authorities or of court proceedings.

- (ii) Each Member country and other Party to the OECD Anti-Bribery Convention review, on an ongoing basis, the effectiveness of its legal, administrative and policy frameworks as well as practices for disallowing tax deductibility of bribes to foreign public officials. These reviews should assess whether adequate guidance is provided to taxpayers and tax authorities as to the types of expenses that are deemed to constitute bribes to foreign public officials, and whether such bribes are effectively detected by tax authorities.
- (ii) Each Member country and other Party to the OECD Anti-Bribery Convention review, on an ongoing basis, the effectiveness of its legal, administrative and policy frameworks as well as practices for disallowing tax deductibility of bribes to foreign public officials. These reviews should assess whether adequate guidance is provided to taxpayers and tax authorities as to the types of expenses that are deemed to constitute bribes to foreign public officials, and whether such bribes are effectively detected by tax authorities.
- (iii) Member countries and other Parties to the OECD Anti-Bribery Convention consider to include in their bilateral tax treaties, the optional language of paragraph 12.3 of the Commentary to Article 26 of the OECD Model Tax Convention, which allows "the sharing of tax information by tax authorities with other law enforcement agencies and judicial authorities on certain high priority matters (e.g. to combat money laundering, corruption, terrorism financing)" and reads as follows:

"Notwithstanding the foregoing, information received by a Contracting State may be used for other purposes when such information may be used for such other purposes under the laws of both States and the competent authority of the supplying State authorises such use."

II. RECOMMENDS Member countries and other Parties to the OECD Anti-Bribery Convention, in accordance with their legal systems, to establish an effective legal and administrative framework and provide guidance to facilitate reporting by tax authorities of suspicions of foreign bribery arising out of the performance of their duties, to the appropriate domestic law enforcement authorities.

III. INVITES non-members that are not yet Parties to the OECD Anti-Bribery Convention to apply this Recommendation to the fullest extent possible.

IV. INSTRUCTS the Committee on Fiscal Affairs together with the Investment Committee to monitor the implementation of the Recommendation and to promote it in the context of contacts with non-members and to report to Council as appropriate.

Chapter 1

Key Findings and Recommendations

A. In general

The report identifies key agencies involved in the different stages of combating financial crime. It considers the organisational models for these agencies adopted in different countries. These models form the framework around which arrangements for inter-agency co-operation are built. Taking into account the different agency models applied, the report identifies flows of information that are particularly important in enabling these agencies to operate effectively in combating financial crime. It describes the broad position with respect to the existence of legal gateways in countries to enable these flows to take place, as well as any particular barriers or impediments that exist. While the ability to share information is a necessary condition for inter-agency co-operation, many countries have gone further and have put in place enhanced forms of co-operation to make optimal use of these gateways and the report describes the arrangements for enhanced co-operation currently in place.

B. Organisational models for agencies fighting tax crimes and other financial crime

Strategies for combating financial crimes comprise a number of key stages, including the prevention, detection, investigation and prosecution of offences, and the recovery of the proceeds of crime. Depending upon the circumstances, these strategies can involve a number of government agencies, including the tax administration; the customs administration; anti-money laundering authorities including the Financial Intelligence Unit ('FIU'); the police and specialised law enforcement agencies; the public prosecutor's office; and financial regulators.

A range of organisational models exist for structuring each of these agencies and allocating competences among them. Some of these models are long-standing and were established as a country's framework for law enforcement was developed. Other models reflect more recent policy decisions. Each organisational model has distinct features which need to be taken into account when developing strategies for inter-agency co-operation, so as to ensure that the full benefits of co-operation are achieved. Which agency has responsibility for a particular activity will directly impact the processes and agreements required to achieve a desired benefit from co-operation.

For instance, looking at ways countries have allocated responsibilities for countering tax crime the Report identifies the following four models:

- **Model 1:** the tax administration has responsibility for directing and conducting investigations. This model is applied in **Australia, Canada, Germany, Greece, India, Ireland, Korea, New Zealand, South Africa, Switzerland, the United Kingdom and the United States.**

- **Model 2:** the tax administration has responsibility for conducting investigations, under the direction of the public prosecutor. This model is applied in **Austria, Chile, the Netherlands, Portugal, Sweden, Spain and the United States**. In **Spain** investigations are currently directed by an examining judge.
- **Model 3:** a specialist tax agency, under the supervision of the Ministry of Finance but outside the tax administration, has responsibility for conducting investigations. This model is applied in **Greece, Iceland and Turkey**.
- **Model 4:** the police or public prosecutor has responsibility for conducting investigations. This model is applied in **Belgium, the Czech Republic, Denmark, Finland, France, Japan, Luxembourg, Mexico, Norway, the Slovak Republic and Slovenia**.

Italy is not included in the four models set out above. In Italy, responsibility for carrying out investigations into financial crimes, including tax crimes, sits with the *Guardia di Finanza*, which can conduct such investigations both independently and also under the direction of the public prosecutor. The *Guardia di Finanza* is also able to carry out civil tax investigations and audits in accordance with its own administrative powers. **The United States** is included in both Model 1 and Model 2, to reflect two types of criminal investigations. The first is an administrative investigation, which is conducted by a tax administration employee and the case is then referred to a prosecutor. The second is a Grand Jury investigation which is initiated and worked under the direction of a prosecutor from the inception of the investigation. In **Greece**, tax offences may be investigated by the tax administration or by the Economic Crimes Enforcement Agency (SDOE), which sits under the Ministry of Finance. Greece is therefore included under both Model 1 and Model 3.

C. Models for sharing information

In the course of their activities, different government agencies collect and hold information on individuals, corporations and transactions which may be directly relevant to the activities of other agencies in combating financial crime. Mechanisms to enable this information to be shared improve the prevention and detection of financial offences, enable investigations to be conducted more effectively and efficiently, result in faster and more successful prosecutions, and increase the likelihood of the proceeds of crime being recovered. In order for information to be shared, legal gateways must exist between the relevant agencies. Conditions and exceptions can be applied to different forms of arrangement and gateways may provide for different arrangements to apply in different circumstances. Under all types of co-operation with respect to sharing information among different agencies, it is important to protect the confidentiality of information and the integrity of work carried out by other agencies. The Report identifies four different types of co-operation with respect to sharing information among different agencies: (i) direct access to information contained in agency records or databases; (ii) an obligation to provide information spontaneously (sometimes expressed as a ‘reporting obligation’); (iii) an ability, but not an obligation, to provide information spontaneously; and (iv) an obligation or ability to provide information only on request.

On this basis, countries provided information on their current legal gateways for information sharing, placing them in categories 0 to 4. This report analyses the existence of gateways which allow, oblige or prevent the tax administration, the police (and related law enforcement agencies), the FIU and financial regulators to share information with other agencies in certain situations. It analyses 13 possible flows of information.

The analysis is not meant to be an evaluation of the effectiveness of the gateways in a given country, but simply represents an overview of the legal gateways that are in place. In addition, it does not necessarily indicate that in all cases a legal gateway in one category is in practice more effective than one in another category. For example, spontaneous sharing of information may be very effective when there is a long-standing co-operative relationship between the agencies involved, and there is a clear understanding of what information may be useful in the activities of the recipient agency. On the other hand, direct access to information may be less effective in cases where officials are unfamiliar with the information available or have not received appropriate training in using systems operated by the other agency.

Based on the results of this analysis, the following key findings have been identified in relation to inter-agency sharing of information:

Information held by the tax administration

- All countries have legal gateways to enable the tax administration to share information obtained for the purpose of a civil tax audit or assessment with agencies conducting tax crime investigations.
- There appear to be barriers to the ability of tax administrations to share information with the police or public prosecutor in non-tax investigations, with two countries imposing an explicit prohibition on the tax administration from providing information relevant to non-tax offences.
- The position is mixed regarding the ability of tax administrations to share tax information with the FIU, with four countries expressly prohibiting the FIU from obtaining tax information.

Information held by the police or public prosecutor

- In most countries legal gateways enable the police or public prosecutor to provide information to the tax administration for the purpose of administering taxes, though there is often no obligation on them to do so.
- There are appropriate gateways in most countries to enable the police or public prosecutor to provide relevant information to agencies conducting tax crime investigations.
- Legal gateways are available in almost all countries to enable the FIU to obtain relevant information from the police or public prosecutor, with one country imposing a prohibition. These gateways broadly reflect the FIU organisational model and there are greater obligations on the police to share information with the FIU where the FIU is established as a division of the police force.

Information held by the Financial Intelligence Unit

- The position with respect to the availability to the tax administration of FIU information for the purpose of making tax assessments varies significantly: some countries give the tax administration direct access or require the FIU to provide relevant information while nine countries impose an express prohibition on the FIU providing any information.
- On the other hand, legal gateways are in place in most countries to enable FIUs to provide information concerning possible tax offences to the agency responsible for investigating tax crimes, though in many cases the FIU is able to exercise discretion in deciding whether to provide information.
- All countries provide legal gateways to enable the FIU to provide information concerning suspected non-tax offences to the police or public prosecutor. The type of gateway used appears to be influenced by the FIU organisational model.

Information held by financial regulators

- Financial regulators are generally not obliged to provide information to tax administrations for the purpose of assessing taxes, and a number of countries impose an express prohibition on doing so.
- Legal gateways exist in most countries to enable financial regulators to provide information concerning suspected tax offences to the agency responsible for investigations.
- All countries have legal gateways for financial regulators to provide information to the police or public prosecutor with respect to suspected non-tax offences or (with the exception of one country) to the FIU with respect to suspected money laundering or terrorist financing activity, though in some cases this information may only be shared on request.

The following successful practices have been identified.

- **Co-ordinated response to Suspicious Transaction Reports (Ireland and Turkey):** Legislation in Ireland requires financial institutions and other reporting entities to submit Suspicious Transaction Reports to both the tax administration and the FIU, and broad legal gateways permit the agencies to share information. Following the introduction of the requirement to submit Suspicious Transaction reports to the tax administration in 2003, the Irish Revenue carried out extensive discussions with financial institutions. These emphasised the obligation to submit Suspicious Transaction Reports where there were suspicions of money laundering and the predicate offence was a possible tax crime. This campaign was successful and contributed to an increase in Suspicious Transaction Reports submitted from approximately 3 000 in 2003, to 5 000 in 2004 and 14 000 in 2008. Approximately 80% of Suspicious Transaction Reports received relate to possible tax offences. Since 2003, the Irish tax administration has settled 578 civil tax assessments supported by information contained in Suspicious Transaction reports, with additional tax revenue raised of EUR60.1 million. There are currently 25 tax crime prosecutions ongoing in Ireland, which were initiated from information in Suspicious

Transaction Reports. Specialists from the FIU and the tax administration meet regularly to discuss their analyses of Suspicious Transaction Reports and to co-ordinate investigations where evidence exists of both tax and non-tax offences, as well as discuss broader operational issues related to money laundering investigations. The FIU and tax administration also each attend feedback for between the other agency and businesses required to submit Suspicious Transaction Reports. This ensures the agencies display a united front in their dealings with the public.

In Turkey, in 2009 and 2010 the FIU received Suspicious Transaction Reports related to possible usury carried out using Point of Sale (POS) machines. Specialists within the FIU analysed these reports and determined that, in addition to usury, the predicate offences underlying the Suspicious Transaction Reports included possible tax crimes. The FIU immediately shared its analysis with the Tax Inspection Board, which conducts tax crime investigations in Turkey. The Board started a number of investigations, during which officials identified additional unreported taxable income and evidence of tax offences. The Tax Inspection Board shared the results of its investigations with the FIU, which resulted in the FIU submitting the case to the public prosecutor's office for prosecution of money laundering offences.

- **Access to Suspicious Transaction Reports for the tax administration (Australia):** In Australia, the tax administration has a right of access to all FIU information, including direct access to all Suspicious Transaction Reports, via a secure online connection. This may be used for any purpose relating to the administration of taxes and the enforcement of tax law. The FIU also provides the tax administration with complete data sets of Suspicious Transaction Report information, which the tax administration uses in its automated data matching and data mining programmes.
- **Access to tax information for the Financial Intelligence Unit and co-operation with regulators (Italy):** The Italian FIU has direct access to the *Anagrafe dei Conti* ('Account and Deposit Register') maintained by the tax administration, which includes information on accounts and financial transactions carried out by financial intermediaries. Since 2009, information obtained by the FIU from the *Anagrafe dei Conti* has been extremely useful. In particular, this information has been used in analyzing Suspicious Transaction Reports, improving international co-operation by providing information to be shared with overseas FIUs, and in enhancing the effectiveness of inspections and audits, especially those with respect to non-co-operative financial intermediaries. Legislation has also been passed which allows the Italian FIU direct access to the *Anagrafe Tributaria* ('Tax Register') which, once implemented, will allow the FIU access to information on the tax information of Italian taxpayers. The Italian FIU has signed memoranda of understanding with the Bank of Italy and the Insurance Supervisory Authority setting out obligations for the bodies to share information and to co-operate in combating money laundering and ensuring effective supervision. A further memorandum of understanding is currently under negotiation between the FIU and Securities Supervisory Authority. The Italian FIU works closely with the *Guardia di Finanza* and 97 per cent of Suspicious Transaction Reports are submitted to the *Guardia di Finanza* for investigation into suspected money laundering or tax evasion. Investigations and audits of non-co-operative financial intermediaries may also be delegated by the FIU to the *Guardia di Finanza*.

- **Use of covenants to improve co-operation between the tax administration and police (the Netherlands):** Police in the Netherlands may obtain information held by the tax administration's tax compliance and audit areas only where an actual criminal investigation is underway and a formal request is submitted. However, the police and tax administration have entered into covenants that operate as permanent requests for information. The impact of this is that the tax administration can, in effect, provide information spontaneously. In the Netherlands, covenants are also used to facilitate co-operation with other agencies, including financial regulators, public prosecutors and municipalities. Examples of arrangements to share information using covenants include the Real Estate Intelligence Centre, Financial Expertise Centre and Regional Information and Expertise Centres, outlined in Chapter 4.
- **An integrated approach between tax administration and police (France):** In France, the *Brigade Nationale d'Enquêtes Économiques* ('BNEE') is a unit of around 50 tax inspectors that work within the judicial police forces and assist in criminal investigations, as a liaison with the tax administration. In 2010 the *Brigade Nationale de Répression de la Délinquance Fiscale* ('BNRDF') was established as an agency with specific police and tax skills to combat serious tax offences.

D. Models for enhanced co-operation

Sharing information is a necessary condition for inter-agency co-operation in combating financial crime. However, countries may go further and develop operational models that make the most effective use of gateways. Several countries have done so and have developed models for enhanced co-operation which enable agencies to work together to their mutual benefit. These models should not be viewed in isolation, but as forming part of a coherent strategy, which involves agencies moving in the same direction to a common goal. Although there is no limit to the ways in which agencies are capable of working together, and countries should consider new and innovative methods based on their needs and experiences, the report identifies a number of main models, namely:

- **Joint investigation teams:** these enable agencies with a common interest to work together in an investigation. In addition to sharing information, this enables an investigation team to draw on a wider range of skills and experience from investigators with different backgrounds and training. Joint investigations may avoid duplication arising from parallel investigations, and increase efficiency by enabling officials from each agency to focus on different aspects of an investigation, depending upon their experience and legal powers. In some cases, gateways for sharing information are wider when agencies are engaged in a joint investigation than they would be in other circumstances. Countries that make use of these strategies include **Australia, Austria, Canada, Denmark, Finland, India, Japan, Luxembourg, the Netherlands, Portugal, South Africa, Slovenia, Turkey and the United States**.
- **Inter-agency centres of intelligence:** these are typically established to centralise processes for information gathering and analysis for a number of agencies. They can focus on a specific geographic area or type of criminal activity, or have a wider role in information sharing. These centres conduct analyses based on primary research as

well as information obtained from agencies. In some cases they access data through gateways available to participating agencies, while in other cases they have specific information gathering powers. By centralising these activities, officials within a centre gain experience of particular legal and practical issues, and specialised systems can be developed, which can increase their effectiveness. Cost savings may also be achieved, as the expense of collecting, processing and analysing data can be shared between participating agencies. Countries that make use of these strategies include **Australia, Finland, India, the Netherlands, Sweden and the United States**.

- **Secondments and co-location of personnel:** these are an effective way of enabling skills to be transferred while allowing personnel to build contacts with their counterparts in another agency. Seconded officials share their skills, experience and specialist knowledge while participating directly in the work of the host agency. Countries report that arrangements to co-locate and second staff have wider benefits for inter-agency co-operation, by encouraging officials to be more proactive in engaging with counterparts from other agencies and improving the effectiveness of co-operation that does take place. Countries that make use of these strategies include **Australia, Belgium, Canada, Finland, France, Ireland, Italy, Japan, Korea, the Netherlands, Norway, Spain, the United Kingdom and the United States**.
- **Other models:** other strategies include the use of shared databases, dissemination of strategic intelligence products such as newsletters and intelligence briefs, joint committees to co-ordinate policy in areas of shared responsibility, and inter-agency meetings and training sessions to share information on trends in financial crime, guidance on investigative techniques and best practice in managing cases. Countries that make use of these strategies include **Australia, Austria, Canada, the Czech Republic, Finland, India, Ireland, Italy, Japan, Luxembourg, the Netherlands, New Zealand, the Slovak Republic, South Africa, Turkey and the United States**.

E. Recommendations

The whole-of-government approach to combating financial crime involves recognising that the activities of separate agencies do not operate in isolation. Officials in agencies including the tax administration, the customs administration, the FIU, the police and specialised criminal law enforcement agencies, the public prosecutor's office, and financial regulators recognise that the knowledge and skills required to combat financial crime are often spread across each of these agencies.

Barriers to effective inter-agency co-operation prevent agencies responsible for combating financial crime from obtaining the benefit of this knowledge and skills. These barriers fall into three broad groups: legal; operational and political. Legal barriers include specific restrictions and prohibitions which apply to prevent an agency obtaining access to relevant information. Operational barriers include complex or lengthy procedures for obtaining information from another agency, a lack of awareness of the availability of information or other mechanisms for co-operation, or a lack of specialist training which reduces the effectiveness of gateways which do exist. Political barriers include a lack of support for agencies to adopt a whole-of-government approach, or to make the changes required to remove or reduce legal and operational barriers.

Countries' strategies have to operate within the broader context of their legal system, administrative practice and culture. It is up to each country to decide how to approach the issues addressed in this report and what strategies would be the most appropriate in the context of, and the most consistent with, its rules and framework.

It is against this background that this report recommends that countries:

1. Review their models for sharing information among different agencies, in particular as regards:
 - the ability of the tax administration to share information with agencies such as the police and the FIU;
 - the possibility of introducing an obligation for the tax administration to report to the relevant law enforcement agency or the FIU evidence of any serious offence, suspected money laundering or terrorist financing activities, and to share information relevant to investigations into these offences or activities; and
 - the ability of any agency which holds information relevant to the administration and assessment of taxes to make this information available to the tax administration. This applies in particular to information contained in Suspicious Transaction Reports. It is recommended that the tax administration be provided such information through direct access or through spontaneous exchange, as appropriate and applicable. In the latter case the FIU should have officials who are trained and experienced in recognising potential tax issues.
2. Review the models for enhanced co-operation described in this report, with a view to introducing and adapting them, as well as developing innovative models based on their particular needs, legal framework and experience. They should also consider ways in which processes for co-operation can be made more effective within existing frameworks.
3. Review the examples of successful practices identified in this report, with a view to introducing similar practices based on their particular needs, legal framework and experience. Where a particular successful practice is not appropriate because of a country's legal framework, it should consider alternative ways in which comparable benefits can be achieved.
4. Evaluate the legal and operational ability of the tax administration to be involved in tax crime investigations, where these are conducted by other agencies. Countries should explore ways to remove potential barriers, and consider requiring increased participation in investigations by tax officials, taking into account the peculiarities of the different organisational models discussed in the report.
5. Evaluate their mechanisms for co-operation on a recurrent basis. This evaluation should be informed by the experience of officers directly involved in co-operation, as well as an objective assessment of the results of inter-agency co-operation models implemented.

Chapter 2

Organisational Models for Agencies Fighting Financial Crime

Box 3. Key Findings

- Strategies for combating financial crimes comprise a number of critical stages, including the prevention, detection, investigation and prosecution of offences, and the recovery of the proceeds of crime.
- Key government agencies involved in combating financial crimes include the tax administration; the customs administration; anti-money laundering authorities including the Financial Intelligence Unit ('FIU'); the police and specialised law enforcement agencies; the public prosecutor's office; and financial regulators.
- Countries apply different organisational models in structuring each of these agencies. Some of these models are long-standing and were established as a country's framework for law enforcement was developed. Other models reflect more recent policy decisions.
- Each organisational model has distinct features which need to be taken into account when developing strategies for inter-agency co-operation, so as to ensure that the full benefits of co-operation are achieved. Which agency has responsibility for a particular activity will directly impact the processes and agreements required to achieve a desired benefit from co-operation.
- In the area of tax crimes, there are four different models which countries have adopted to investigate these crimes. Under Model 1, the tax administration has responsibility for directing and conducting investigations. Under Model 2, the tax administration has responsibility for conducting investigations, under the direction of the public prosecutor. Under Model 3, a specialist tax agency under the supervision of the Ministry of Finance but outside the tax administration has responsibility for conducting investigations. Under Model 4, the police or public prosecutor has responsibility for conducting investigations.

Financial crime covers a broad range of offences, including tax evasion and tax fraud, money laundering, corruption, insider trading, bankruptcy fraud and terrorist financing. Many different government agencies may be involved in the prevention, detection, investigation and prosecution of these crimes and the recovery of the proceeds of crime. These include agencies such as police forces and prosecution authorities, which have a visible role in law enforcement. They also include agencies such as tax and customs administrations and financial regulators, which in the course of their normal activities collect and hold significant information about individuals, corporations and financial transactions. Each of these agencies may hold operational and strategic information relevant to the activities of other agencies in combating financial crime. Operational information is that which is relevant to specific cases and investigations. Strategic information relates to the identification of risks and threats and is not specific to a particular case.

There is no single approach to how countries structure these agencies. Activities which are the responsibility of a particular agency in one country may be the responsibility of a different agency in a second country. Similarly, some countries may establish a number of independent agencies to carry out activities which in other countries are the responsibility of a single larger body. Understanding these differences is important to appreciate the implications of similarities and differences between countries' arrangements for domestic inter-agency co-operation. Which agency has responsibility for a particular activity will directly impact the processes and agreements required to achieve a desired benefit from co-operation. For example, whether responsibility for investigating tax fraud lies with the tax administration, the police or a specific tax investigations authority directly impacts the arrangements with other agencies required to facilitate these investigations.

The following paragraphs describe in general terms the role of different agencies in the countries covered by this report.

A. Tax administration

A country's tax administration is responsible for the assessment and collection of taxes on behalf of the government. This involves gathering and processing information on individuals and corporations subject to tax, including personal details, property ownership, investments, financial transactions and business operations. Tax administrations employ large numbers of trained specialists and investigators with experience in auditing and analysing financial data and investigating suspicious or anomalous transactions. Tax administrations often have extensive powers to access information and documentation from taxpayers and third parties. They typically play a central role in preventing and detecting tax crime. Once the suspicion of a tax crime exists, countries apply different models to determine the extent to which a tax administration may be involved in a subsequent investigation and prosecution.⁶

Models for comparing tax administrations could be based on a number of criteria. For the purposes of this report, the relevant criteria are those which might influence a tax administration's role in combating financial crime, and the ability of the tax administration (or other agency investigating tax crimes) to obtain information relevant to an investigation from other agencies. The Models applied below identify the agency which generally has responsibility for conducting investigations into tax offences. This is important in understanding which agency may require information for the purposes of conducting an investigation. The Models also identify those countries where these investigations are directed by a public prosecutor, and where they are wholly the responsibility of the investigating agency. This may be relevant in identifying additional gateways for obtaining relevant information, at the level of the prosecutor. Based on these criteria, four models have been identified as applying in the countries covered by this report in countering tax crimes. These are set out in the table below.

⁶. Tax administrations may in some cases also act in a supervisory capacity, monitoring compliance with money laundering regulations by businesses in certain sectors including real estate agents and traders accepting large cash payments. For example, this is the case in Luxembourg, the Netherlands and the United Kingdom.

Under Models 1 and 2, tax crime investigations are conducted by the tax administration, often through a specialist criminal investigations division. Under Model 1, the tax administration also directs investigations. The public prosecutor's office does not have a direct role in investigations, though a prosecutor may provide advice to investigators with respect to matters such as legal process and the laws of evidence. Under Model 2 on the other hand, investigations conducted by the tax administration are directed by public prosecutors or, exceptionally, examining judges. In Model 3, tax crime investigations are conducted by a specialist tax agency, which is under the supervision of the Ministry of Finance but outside the tax administration. Under Model 4, investigations are conducted by the police or public prosecutor. The Model under which a country is listed reflects the general practice in the country. In a number of cases, tax investigations which have particular features may be referred to another agency for investigation.

Model 1 <i>Tax administration directs and conducts investigations</i>	Model 2 <i>Tax administration conducts investigations, directed by prosecutor</i>	Model 3 <i>Specialist tax agency outside tax administration conducts investigations</i>	Model 4 <i>Police or public prosecutor conduct investigations</i>
Australia Canada Germany Greece India Ireland Korea New Zealand South Africa Switzerland United Kingdom United States	Austria Chile Netherlands Portugal Sweden Spain* United States	Greece Iceland Turkey	Belgium Czech Republic Denmark Finland France Japan Luxembourg Mexico Norway Slovak Republic Slovenia
12 countries	7 countries	3 countries	11 countries

* In Spain, tax crime investigations are currently directed by an examining judge.

In 12 countries the tax administration has responsibility for directing and conducting tax crime investigations. These include all eight common law countries considered in this report. **The United States** is included in the table above twice, to reflect two types of criminal investigations. The first is an administrative investigation, which is conducted by a tax administration employee and the case is then referred to a prosecutor (Model 1). The second is a Grand Jury investigation which is initiated and worked under the direction of a prosecutor from the inception of the investigation (Model 2). In **Greece**, tax investigations may be conducted by the tax administration or by the Economic Crimes Enforcement Agency (SDOE). Greece is therefore shown under both Model 1 and Model 3.

In seven countries, tax crime investigations are conducted by the tax administration but directed by a public prosecutor or, in the case of **Spain**, an examining judge.

In 14 countries, including the majority of civil law jurisdictions, tax crime investigations are conducted outside the tax administration. In three countries investigations are conducted by specialist tax investigations agencies that sit under the Ministry of Finance but outside the tax administration. In **Turkey**, the majority of tax crime investigations are directed and conducted by the Tax Inspection Board. However, in the minority of cases where a tax crime investigation originates outside the tax administration (for example, from an informant's report), investigations may be directed by a public prosecutor. In **Iceland**, tax crime investigations are directed and conducted within the Directorate of Tax Investigations, which is a separate agency under the Ministry of Finance.

In 11 countries, tax crime investigations are conducted by the police under the direction of a public prosecutor or, in the case of **Japan**, by the public prosecutor directly. In **Luxembourg**, tax crime investigations may be also be directed by an examining judge. For these purposes the police include specialist criminal investigations agencies established under the Ministry of the Interior, Ministry of Home Affairs or Ministry of Justice, such as **France's Brigade Nationale de Répression de la Délinquance Fiscale**. In **Japan**, tax crime investigations are conducted directly by the public prosecutor, and, in general, follow administrative tax investigations conducted by the tax administration. In **Mexico**, responsibility for investigations lies with the Attorney-General, who exercises this function through the Federal Agency of Investigation and a number of specialist units.

Italy is not included in the four models set out above. In Italy, responsibility for carrying out investigations into financial crimes, including tax crimes, sits with the *Guardia di Finanza*, which can conduct such investigations both independently and under the direction of the public prosecutor. The *Guardia di Finanza* is also able to carry out civil tax investigations and audits in accordance with its own administrative powers.

B. Customs administration

Customs administrations are responsible for the assessment and collection of customs duties. In many countries they also have responsibility for other taxes and duties, including excise duties and indirect taxes, such as sales taxes and VAT. Customs administrations hold information about cross-border flows of money and goods, as well as details of individual businesses. Customs administrations may be established as separate agencies, or as part of a joint tax and customs administration. The table below shows which countries have adopted each of these models.

Separate customs administration	Joint tax and customs administration
Australia	Austria
Canada	Belgium
Chile	Denmark
Czech Republic	Ireland
Finland	Mexico
France	Netherlands
Germany	Portugal
Greece	Slovak Republic
Iceland	South Africa
India	Spain
Italy	United Kingdom
Japan	
Korea	
Luxembourg	
New Zealand	
Norway	
Slovenia	
Sweden	
Switzerland	
Turkey	
United States	
21 countries	11 countries

In 21 countries, the customs administration is a separate agency, typically under the Ministry of Finance. In 11 countries the customs administration is part of a single tax and customs agency. There is no clear link between the countries and the model adopted. Tax and customs have been administered by a single agency in **the Netherlands** for over 200 years and in **Ireland** since the 1920s, whereas in **Denmark, Portugal, South Africa** and **the United Kingdom** the current joint agency was formed more recently when previous separate tax and customs administrations were merged. The combined authority in the Slovak Republic was established from 1 January 2012. In contrast, in **Canada** a combined agency was separated into the separate Canada Revenue Agency and Canada Border Services Agency in 2003.

Customs administrations play a key role in preventing and detecting offences related to customs and excise duties and other taxes under their responsibility, as well as smuggling, drug trafficking, money laundering and offences related to the illicit movement of goods and people. In addition to differences in how the customs administration is structured as an agency, countries also adopt different models to determine the involvement of the customs administration in criminal investigations. The table below shows the countries in which the customs administration is responsible for criminal investigations, those where the customs administration conducts investigations under the direction of a public prosecutor, and those where investigations are conducted outside the customs administration. With respect to certain offences, such as smuggling and drug trafficking, the customs administration may conduct investigations together with other agencies.

Model 1 <i>Customs administration directs and conducts investigations</i>	Model 2 <i>Customs administration conducts investigations, directed by prosecutor</i>	Model 3 <i>Specialist tax agency outside customs administration conducts investigations</i>	Model 4 <i>Police or public prosecutor conduct investigations</i>
Australia Belgium Canada Germany Greece Iceland India Ireland Korea Luxembourg New Zealand South Africa Switzerland United Kingdom United States	Austria Chile Czech Republic Finland France Netherlands Portugal Slovak Republic Spain* Sweden Turkey	Greece Italy	Denmark Japan Mexico Norway Slovenia
15 countries	11 countries	2 countries	5 countries

* In Spain, customs investigations are currently directed by an examining judge.

In 15 countries the customs administration (including joint tax and customs administrations) has responsibility for directing and conducting criminal investigations. In a further 11 countries, the customs administration conducts criminal investigations under the direction of a public prosecutor or (in **Spain**) an examining judge. In **Sweden**, a few prosecutors are based within the customs administration, to handle relatively straightforward cases. This means that in practice the customs administration is able to both direct and conduct a small number of simple investigations (as the investigation is directed by a prosecutor within the customs administration).

In seven countries, criminal investigations are conducted outside the customs administration. This is in marked contrast to the position with respect to tax crime investigations, where investigations were conducted by agencies outside the tax administration in 15 countries. In two countries customs investigations are conducted by a specialist agency under the Ministry of Finance. In **Italy** investigations are conducted by the *Guardia di Finanza*. In **Greece** investigations are conducted by the customs administration (Model 1) and by the Economic Crimes Enforcement Agency ('SDOE') (Model 3). In a further five countries, investigations are conducted by the police or directly by the public prosecutor. In **Mexico**, responsibility for investigations lies with the Attorney-General, who exercises this function through the Federal Agency of Investigation and a number of specialist units. In **Japan**, customs crime investigations are conducted directly by public prosecutors, and in general follow administrative customs investigations by the customs administration.

C. Police and other law enforcement agencies

The police force is typically the primary agency in a country with responsibility to enforce criminal law, protect property and prevent civil unrest in civilian matters. A detailed analysis into models of policing is beyond the scope of this report. In many countries, general policing is the responsibility of local or regional police forces covering a defined geographical area.

A number of countries included in this report have specialist units for combating financial offences. These units may be established as separate agencies, such as **Greece's SDOE**, or within the police or public prosecutor's office, such as **New Zealand's Organised and Financial Crime Agency** of New Zealand which is part of the federal police. Due to the particular nature of financial offences, some countries have established units to deal with particular aspects of police work or types of financial crime. Examples of countries which have established these units are set out below.

- Criminal intelligence units have been established in **Australia, Austria, Belgium, Canada, Finland, Greece, Mexico, the Netherlands, Sweden, Turkey, the United States and the United Kingdom**.
- Asset recovery units have been established in **Austria, Canada, Chile, the Czech Republic, Denmark, Greece, Ireland, Italy, Mexico, the Netherlands, New Zealand, South Africa, Spain, Sweden, the United Kingdom and the United States**.
- Units for combating serious fraud have been established in **Austria, Canada, the Czech Republic, Denmark, Greece, Ireland, Mexico, New Zealand, South Africa, Turkey and the United Kingdom**.
- Units for combating corruption by public officials have been established in **Austria, Canada, Chile, Greece, Mexico, the Netherlands, Portugal, Slovenia, South Africa and Sweden**.

Countries may also establish specialist units for combating financial offences within their police other than those listed above. For example, in **Luxembourg** the police have units for combating: organised crime; offences related to financial institutions, insurance, the stock exchange and taxation; economic and financial offences; and money laundering. In **Switzerland**, specialised units for dealing with financial crime are established within the general police and prosecution authorities. Countries may also have trained and experienced specialists in each of the areas listed above, based within the police or other law enforcement agencies, but which do not form part of a specialist unit.

D. Financial Intelligence Unit

Anti-money laundering authorities, including Financial Intelligence Units ('FIUs'), are central to national strategies to combat money laundering and terrorist financing. Under anti-money laundering legislation in most countries, businesses such as banks, accountants, money transfer companies and certain retailers which accept large cash payments are required to submit reports ('Suspicious Transaction Reports') to the national FIU wherever they have a suspicion, or reasonable grounds for a suspicion, that a transaction is linked to a money laundering or terrorist financing offence. FIUs analyse Suspicious Transaction Reports and should forward information relating to suspected predicate offences to the agency with responsibility for investigating the offence. In a number of countries, FIUs operate systems for receiving and analysing Suspicious Activity Reports, alongside or instead of Suspicious Transaction Reports. For the purposes of this report, the term Suspicious Transaction Reports covers both Suspicious Transaction Reports and Suspicious Activity Reports. In the Netherlands, businesses are required to report 'unusual transactions' to the FIU. The Dutch FIU analyses these Unusual Transaction Reports, and determines which should be treated as Suspicious Transaction Reports and forwarded to the relevant law enforcement agency.

Typically, a money laundering offence must be with respect to the proceeds of a specified crime, or ‘predicate offence’. The list of crimes which constitute predicate offences to money laundering varies, but many countries adopt an ‘all crimes’ definition. Prior to 2012, FATF Recommendations included within the list of predicate offences for money laundering certain offences, such as smuggling, which in many countries are investigated by the customs administration (or a combined tax and customs administration). The 2012 revision of the FATF Recommendations added to this list by including the specification of tax crimes. The revised Recommendation should be implemented by all countries, in accordance with their domestic law framework.

Countries have applied different models in deciding where within their financial and law enforcement system their national FIU should sit. The table below contains those countries that have established the FIU: (i) as a unit of the police or public prosecutor’s office; (ii) as an independent unit within the central bank; (iii) as a separate agency under the Ministry of Finance; or (iv) as a separate agency under the Ministry of Justice (or equivalent).

Model 1 <i>FIU established within police or public prosecutor’s office</i>	Model 2 <i>FIU established within financial regulator</i>	Model 3 <i>FIU established as independent agency under Ministry of Finance</i>	Model 4 <i>FIU established as independent agency under Ministry of Justice</i>
Austria Denmark Finland Germany Iceland Ireland Japan Luxembourg Netherlands New Zealand Norway Portugal Slovak Republic Sweden Switzerland United Kingdom	Italy Korea	Belgium* Canada Chile Czech Republic France Greece India Mexico Slovenia South Africa Spain Turkey United States	Australia** Belgium*
16 countries	2 countries	13 countries	2 countries

* Belgium’s CTIF-CFI is established jointly under Finance and Justice Ministries.

** Australia’s AUSTRAC is established under the Attorney-General’s Department.

In 16 countries, the FIU is part of the police, or the public prosecutor’s office (Model 1). Of these 16, 15 countries established the FIU within the police, which for these purposes includes similar law enforcement agencies, such as **the United Kingdom Serious Organised Crime Agency**. These countries report that this improves the ability of the FIU to assist in investigating criminal offences. The police force is often the main user of FIU intelligence, and the arrangement ensures ease of access to data, increases the speed of response to requests and maximises the benefits of information sharing opportunities. This arrangement is therefore especially useful where the role of the FIU is seen as directly supporting law enforcement. In a small number of these countries the FIU

conducts criminal investigations into suspected money laundering, or the location and ownership of assets for the purposes of recovering criminal property. In **Luxembourg**, the FIU is established under the authority of the public prosecutor. In **the Netherlands** the FIU has been a division of the police since 2006, but is under the joint authority of the police and public prosecutor's office.

In two countries the FIU is established as a division within a financial regulator (Model 2). In **Korea**, the FIU is part of the Financial Services Commission. In **Italy**, the FIU is an independent division within the Bank of Italy. In 13 countries the FIU is established as a separate agency under the Ministry of Finance (Model 3). In contrast to those established within the police, FIUs established under Models 2 and 3 may have easier access to reporting entities, and may participate directly in the regulation and supervision of the financial sector, with access to data covered by secrecy provisions for use in analyses. FIUs held under the Finance Ministry may also work more closely with related Departments, such as the tax administration. According to countries, an independent FIU under the Finance Ministry acts as an effective ‘buffer’ between financial institutions and law enforcement agencies. This has two benefits. Firstly, voluntary compliance may be encouraged, as financial institutions might be more comfortable providing information to an agency seen as similar to a financial regulator, rather than to one which is part of a criminal law enforcement agency. Secondly, businesses covered by anti-money laundering legislation are obliged to make Suspicious Transaction Reports to the FIU where they have reason to believe a money laundering or terrorist financing offence may have occurred. In two countries, the FIU is established under the Ministry of Justice or Attorney-General’s Department (Model 4). In Belgium the FIU is held jointly under the Ministries of Finance and Justice and so is a hybrid of Models 3 and 4.

E. Prosecution authority

The prosecution authority is the government agency that represents the State before the courts in prosecutions of criminal offences. The table below shows three models in which a prosecution office may be structured. Firstly, a central public prosecutor's office may be responsible for investigating suspected criminal offences and conducting all criminal prosecutions. Under this model, the prosecution authority will delegate performance of significant parts of an investigation to agencies, such as the police, the tax administration or the customs administration (Model 1). Secondly, a central public prosecutor's office may be responsible for conducting all criminal prosecutions before a court, but does not participate in an investigation (Model 2). Finally, agencies responsible for investigating offences may have competency to conduct prosecutions directly (Model 3).

Model 1 <i>Central prosecution authority responsible for criminal investigations</i>	Model 2 <i>Central prosecution authority with no responsibility for criminal investigations</i>	Model 3 <i>Law enforcement agencies may prosecute offences directly</i>
Austria Belgium Chile Czech Republic Denmark Finland France Germany Greece Italy Japan Korea Luxembourg Mexico Netherlands Norway Portugal Slovak Republic Slovenia Spain Sweden Switzerland Turkey	Australia Canada Iceland India Ireland South Africa United Kingdom United States	New Zealand
23 countries	8 countries	1 country

The first model has been adopted by 23 countries, which comprise almost all civil law countries covered by this report. In these countries criminal investigations are conducted by law enforcement agencies under the direction or supervision of a public prosecutor or, in some cases, an examining judge. In many of these countries the police are referred to as ‘judicial police’ when acting as agents of a prosecutor or judicial authority. In some countries adopting this model, including **Germany**, the public prosecutor in practice only gets involved at an early stage in investigations of very serious offences. In **Mexico**, responsibility for conducting investigations lies with the Attorney-General, who exercises this function through the Federal Agency of Investigation and a number of specialist units.

A further eight countries, including most common law countries, apply Model 2. Public prosecutors and judges are not directly involved in criminal investigations, though prosecutors may advise other agencies on judicial process and the law of evidence. Investigations are conducted by the police, tax administration or other agencies and cases are forwarded to a central public prosecution authority for review. A prosecutor may then submit the case for prosecution before the court, refer it back to the investigating agency with a request for further evidence, or decide not to prosecute.

The third model is much more uncommon. It is closely related to Model 2, but in addition to a central prosecution authority, a number of other law enforcement agencies have capacity to conduct criminal prosecutions directly. In the view of **New Zealand**, which is the only country within this report that uses the model, this approach has a

number of advantages. Each agency has a high degree of specialist skills with respect to its area of focus, which enables prosecutions to be conducted by experts in a particular area of criminal law. By controlling their own prosecutions, agencies also benefit from greater autonomy in decision making and flexibility in setting their strategic direction, with less direct competition for the resources of a central public prosecutor. However, there is also the potential for the overall duplication of resource as each agency maintains its own prosecution structure. There is also the risk of inconsistency in approach between agencies, over-specialisation of prosecutors, and the possibility that important cases may not be taken based on the priorities of a particular agency that does not consider implications for the wider picture.

The legal systems of four countries listed under Models 1 and 2 in the table above include characteristics from Model 3. In **Germany**, tax administrations in the 16 Länder have responsibility for conducting prosecutions of all tax offences while, in **Australia**, the Australian Tax Office has authority to prosecute minor offences. In Sweden, the customs administration has a small number of prosecutors who are able to prosecute directly cases of a simple nature. Prior to 2005, **the United Kingdom** tax and customs administrations had capacity to conduct criminal prosecutions. When the tax and customs administrations were merged in 2005, a combined prosecution agency known as the Revenue and Customs Prosecution Office ('RCPO') was formed. In 2010 the RCPO became a unit of the United Kingdom's central prosecution service, the Crown Prosecution Service. Serious financial crimes may still be prosecuted by the United Kingdom's Serious Fraud Office. However, these are exceptions. In **Germany** and **Sweden** the general approach most closely reflects that of Model 1, while the general model applied in **Australia** and **the United Kingdom** is closest to Model 2.

F. Financial regulators

Financial regulators, including central banks, are typically responsible for maintaining confidence in the financial system, and ensuring the competence of market participants and providers of financial services. This encourages stability and efficient functioning in the financial sector. Financial regulators may achieve these goals through regulation and supervision, together with the investigation of potential legislative or regulatory breaches. They may also have direct responsibility to combat crime related to financial markets, such as insider trading and market manipulation and in the course of their supervisory and regulatory activities collect and hold information on individuals, institutions and transactions. In some countries financial regulators also monitor and enforce compliance with money laundering regulations by institutions for which they have supervisory authority.

Chapter 3

Models for Sharing Information

Box 4. Key findings

In the course of their activities, government agencies collect and hold information on individuals, corporations and transactions which may be directly relevant to the activities of other agencies.

Mechanisms to enable information to be shared could improve the prevention and detection of financial offences, enable investigations to be conducted more effectively and efficiently, result in faster and more successful prosecutions, and increase the likelihood of the proceeds of crime being recovered.

All countries have legal gateways to enable the tax administration to share information obtained for the purpose of a civil tax audit or assessment with agencies conducting tax crime investigations. There appear to be barriers to the ability of tax administrations to share information with the police or public prosecutor in non-tax investigations, with two countries imposing an explicit prohibition on the tax administration from providing information relevant to non-tax offences. The position is mixed regarding the ability of tax administrations to share tax information with the FIU, with four countries expressly prohibiting the FIU from obtaining tax information.

In most countries legal gateways enable the police or public prosecutor to provide information to the tax administration for the purpose of administering taxes, though there is often no obligation on them to do so. There are appropriate gateways in most countries to enable the police and public prosecutor to provide relevant information to agencies conducting tax crime investigations. Legal gateways are available in almost all countries to enable the FIU to obtain relevant information from the police or public prosecutor, with 1 country imposing a prohibition. These gateways broadly reflect the FIU organisational model and there are greater obligations on the police to share information with the FIU where the FIU is established as a division of the police force.

The position with respect to the availability to the tax administration of FIU information for the purpose of making tax assessments varies significantly: some countries give the tax administration direct access or require the FIU to provide relevant information while several countries impose an express prohibition on the FIU providing any information. On the other hand, legal gateways are in place in most countries to enable FIUs to provide information concerning possible tax offences to the agency responsible for investigating tax crimes, though in many cases the FIU is able to exercise discretion in deciding whether to provide information.

All countries provide legal gateways to enable the FIU to provide information concerning suspected non-tax offences to the police or public prosecutor. The type of gateway used appears to be influenced by the FIU organisational model.

Box 4. Key findings (cont.)

- Financial regulators are generally not obliged to provide information to tax administrations for the purpose of assessing taxes, and a number of countries impose an express prohibition on doing so. Legal gateways exist in most countries to enable financial regulators to provide information concerning suspected tax offences to the agency responsible for investigations.
- All countries have legal gateways for financial regulators to provide information to the police or public prosecutor with respect to suspected non-tax offences or (with the exception of one country) to the FIU with respect to suspected money laundering or terrorist financing activity, though in some cases this information may only be shared on request.
- With respect to the sharing of information between agencies, the following successful practices have been identified.
 - Co-ordinated response to Suspicious Transaction Reports by the tax administration and FIU (*Ireland*).
 - Access to Suspicious Transaction Reports for the tax administration (*Australia*).
 - Access to tax information for the FIU and co-operation between the FIU and financial regulators (*Italy*).
 - Use of covenants to improve co-operation between the tax administration and police (*the Netherlands*).
 - An integrated approach to combating tax crimes between the tax administration and police, through the *Brigade Nationale d'Enquêtes Économiques* ('BNEE') and the *Brigade Nationale de Répression de la Délinquance Fiscale* ('BNRDF') (*France*).

A. In general

In the course of their normal activities, government agencies gather and hold information with respect to individuals, companies and transactions. This may include information that would be valuable to other agencies for the purposes of analysis, identifying possible breaches of law or regulations, or in ongoing criminal investigations. The ability to share this information can provide a valuable source of intelligence to agencies responsible for combating financial crimes.

Effective information sharing can be used to identify evidence which may lead to new investigations, and to support ongoing investigations. In some cases information may be of a type that the receiving agency could not obtain directly, particularly where the information is of a specialist nature such as that held by the tax administration or FIU. In others, the ability to receive information from other agencies may reduce the duplication of work by different agencies, increasing the speed and reducing the cost of investigations. Sharing of information can be used to identify new angles to existing investigations, such as where an investigation into a tax offence reveals other criminal activity and money laundering. The use of information from different sources may increase officers' understanding of an issue or of the activities of a suspect, possibly increasing the effectiveness of enquiries. Importantly, mechanisms for sharing information may be used to develop relationships between agencies, and key individuals in those agencies, which can be beneficial in developing new and enhanced forms of inter-agency co-operation.

Legal gateways for sharing information may take a number of forms. Primary legislation often provides the basic framework for co-operation, for example by requiring that an agency shares certain types of information in specified circumstances, or by placing restrictions on the ability of agencies to share information. Within the framework of what is permitted by law, agencies may enter into bilateral agreements or ‘memoranda of understanding’, agreeing to share information where this is of relevance to the other agency’s activities. These memoranda typically contain details of the types of information that will be shared, the circumstances in which sharing will take place and any restrictions on sharing information such as that the information may only be used for specified purposes. Memoranda may also include other terms agreed by the agencies, such as a requirement for the agency receiving information to provide feedback on the results of investigations in which the information was used. Memoranda of understanding may be of use in agreeing practical arrangements for co-operation, such as the format of any request for information, details of competent officials authorised to deal with requests, and agreed notice periods and time limits.

B. Arrangements for sharing information through legal gateways

Arrangements for sharing information through legal gateways fall within four broad categories: (i) direct access to records and databases; (ii) mandatory spontaneous sharing of information; (iii) spontaneous sharing of information; and (iv) sharing of information on request. Under each of these four types of legal gateways for sharing information among different agencies it is important to protect the confidentiality of information and the integrity of work carried out by other agencies. For example, in **Sweden**, information shared between agencies through legal gateways must at all times comply with the provisions of the Secrecy Act. Other countries have similar protections.

(i) Direct access to records and databases

An agency may grant direct access to its records and information stored on its databases to designated individuals within other authorities. This access may be for a wide range of purposes, or restricted to specific cases or circumstances. This has advantages in that an agency requiring information is able to search for the information directly and in many cases obtain it in a timely manner. However, databases may contain large quantities of data arranged for the purposes of the agency holding the information, and not those of the agency seeking information. This may make identifying important information difficult for officials unfamiliar with the other agency’s systems. There may be cases where officials conducting an investigation are unaware of information contained on a database, which goes unused even though access is available. Compared to other mechanisms for sharing information, allowing direct access to records carries a particular risk that data may be accessed for purposes other than those for which it was originally intended. Countries may therefore seek to introduce safeguards to protect the confidentiality of sensitive information, such as restricting access to databases to a small number of nominated individuals, and maintaining records of what information was accessed and for what purpose.

(ii) Mandatory spontaneous sharing of information

An agency may be required to provide certain categories of information spontaneously, without requiring a request to be made. This is sometimes referred to as a ‘reporting obligation’. This has the advantage that the information to be shared is

identified by officials within the agency holding it, who are likely to have a greater understanding of the information in their records. However, in order for this to be effective an agency must have clear rules and mechanisms in place to identify the information that must be shared. This may be straightforward where an obligation exists to provide all information of a certain class (for example, copies of all Cash Declaration Forms), but is more complex where judgement must be exercised to identify information that would be relevant to an investigation. Further, by itself this method does not allow officials conducting an investigation to specify the information required. However, it may facilitate the detection of previously unknown criminal activity.

(iii) Spontaneous sharing of information

An agency may have the ability to provide certain categories of information spontaneously, but is able to exercise its discretion in deciding whether or not to do so. Where this operates well, it can be at least as effective as the previous method. Information is shared spontaneously, but officials in the agency holding the information are able to exercise their judgement to provide only that information which is of value and not all information of a particular class. This model is particularly effective when it is supported by close co-operative working arrangements and a good understanding by officials in each agency of the information requirements of the other agency. This means that, even in the absence of a specific obligation, information sharing between can be very effective.

Models for information sharing that allow discretion to be exercised require clear rules for how this is to be done. For example, decisions as to whether or not relevant information is to be shared may be limited to individuals in certain positions or levels of management, while guidelines may set out the factors which can be taken into account in making a decision. The effectiveness of this type of legal gateway is also dependent on the ability of officials to identify relevant information and their willingness to exercise discretion to provide information. Where there is no previous experience of inter-agency co-operation, the benefits to both agencies of sharing information must be made clear or there may be a danger that officials exercise their discretion and choose not to share valuable intelligence.

(iv) Sharing information on request

An agency may provide information only when specifically requested. This may be seen as the simplest of the four methods for sharing information, as there is less need for rules or mechanisms to identify information for sharing or provide access to records. It also has the advantage of allowing officials to specify precisely the information they require. In the context of an ongoing transaction where investigators have identified specific information that is required, this can be a valuable mechanism. However, in many cases an agency may hold information that an investigator is not aware of. This may mean that the investigator is unable to request information, or is only able to do so at a later stage when the value of the information may be reduced.

C. Analysis of the existing gateways

Each of these arrangements has advantages and disadvantages, which will vary depending upon the agencies involved, the type of information concerned and the circumstances in which the information is required, and most countries employ a

combination of arrangements. For example, an FIU may be required to provide information concerning possible offences to the police force spontaneously, and also to provide additional information on request.

The following paragraphs include details of legal gateways permitting the sharing of information between agencies that are of particular importance in combating tax crimes and other financial crime. Countries were invited to provide information on their current gateways which allow for information to be shared in particular circumstances. Countries analysed each gateway and placed them in categories 0 to 4, where: 4 means the agency holding information grants direct access to its records or databases; 3 means the agency holding information is obliged to provide information spontaneously; 2 means the agency holding information is able, but not obliged, to provide information spontaneously; 1 means the agency holding information has an obligation or ability to share information only on request; and 0 means the agency holding information is unable to share information, either because no legal gateway exists or because of a specific restriction.

The analysis is not meant to be an evaluation of the effectiveness of the gateways in place in a given country, but simply represents an overview of the legal gateways that are in place. In addition, they do not necessarily indicate that in all cases a legal gateway in one category is in practice more effective than one in another category. For example, spontaneous sharing of information may be very effective when there is a long-standing co-operative relationship between the agencies involved, and there is a clear understanding of what information may be useful in the activities of the recipient agency. On the other hand, direct access to information may be less effective in cases where officials are unfamiliar with the information available or have not received appropriate training in using systems operated by the other agency.

This information is set out in tables below, together with comments on particular practices. These tables indicate the broad position in countries. They cannot fully take into account the complexity of the different types of information that can be shared, and the circumstances surrounding when information can be made available. Importantly, they also indicate only the existence of legal gateways and mechanisms for information to be shared, and not the practical experience of how these are used.

The gateways which were considered comprise those set out below.⁷

Information held by the tax administration:

- (i) Availability to agencies investigating tax offences.
- (ii) Availability to the police or public prosecutor investigating non-tax offences.
- (iii) Availability to the Financial Intelligence Unit.

⁷. At this stage, this report does not consider gateways with the customs administration.

Information held by the police or public prosecutor:

- (i) Availability to the tax administration for the purpose of administering taxes.
- (ii) Availability to agencies investigating tax offences.
- (iii) Availability to the Financial Intelligence Unit.

Information held by the Financial Intelligence Unit:

- (i) Availability to the tax administration for the purpose of administering taxes.
- (ii) Availability to agencies investigating tax offences.
- (iii) Availability to the police or public prosecutor investigating non-tax offences.

Information held by financial regulators:

- (i) Availability to the tax administration for the purpose of administering taxes.
- (ii) Availability to agencies investigating tax offences.
- (iii) Availability to the police or public prosecutor investigating non-tax offences.
- (iv) Availability to the Financial Intelligence Unit.

D. Information held by the tax administration

(i) Availability to agencies investigating tax offences

The model a country adopts for countering tax crimes determines the role of the tax administration in combating tax crime (see Chapter 2). This directly influences the practical mechanisms for sharing information held by the tax administration for the purposes of assessing taxes with tax crime investigators. The table below shows the availability to agencies investigating tax offences of information held by the tax administration.

Direct access to information (4)	Obligation to share information spontaneously (3)	Ability to share information spontaneously (2)	Information shared on request only (1)	No sharing of information permitted (0)
Australia	Czech Republic	Finland	Mexico	
Austria	Denmark	France		
Belgium	Japan	Slovak Republic		
Canada	Luxembourg			
Chile	Norway			
Germany	Slovenia			
Greece	Switzerland			
Iceland				
India				
Ireland				
Italy				
Korea				
Netherlands				
New Zealand				
Portugal				
South Africa				
Spain				
Sweden				
Turkey				
United Kingdom				
United States				
21 countries	7 countries	3 countries	1 country	0 countries

In all countries covered by the report, gateways exist for the tax administration to provide tax crime investigators, as defined in Chapter 2, with information relevant to suspected tax offences. In 21 countries, tax crime investigators have direct access to information obtained by the tax administration for the purposes of administering and assessing taxes. In **Australia**, where tax offences are under investigation by officials within the tax administration, these investigators have direct access to information held by the tax administration for other purposes. Where a tax offence is being investigated by another agency, such as the Australian Federal Police, or State Police, the tax administration does not grant direct access to tax information, but may share relevant information with investigators. In **Canada**, tax crime investigators within the Canada Revenue Agency have direct access to information held by the tax administration. The Canadian tax administration also has the ability to share information with provincial tax administrations, under Memoranda of Understanding. In seven countries, the tax administration has an obligation to provide this information to tax crime investigators, but investigators cannot access it directly. In **the Czech Republic**, the tax administration must report suspected offences and spontaneously provide any information relevant to an offence it has reported. However, where a tax criminal investigation did not commence following the report of a suspicion by the tax administration, the Czech Republic tax administration may only provide information requested by the public prosecutor or judge. In three countries the tax administration is able to provide tax information to tax crime investigators, but is not under an obligation and may exercise discretion in choosing whether to do so.

In **Mexico**, where the tax administration has grounds to suspect a tax offence has been committed, it is required to report this to the public prosecutor. However, officials conducting tax crime investigations in Mexico may only obtain information from the tax

administration on request, even where the investigation was commenced following a report by the tax administration. In most countries, tax crime investigators may request information from the tax administrator in addition to that provided through other legal gateways. No country imposes a prohibition on the tax administration from sharing information relevant to suspected tax offences with tax crime investigators.

Box 5. Matching Gateways with Models to Tackle Tax Crime

The report identifies four models for investigating and prosecuting tax crime and it may be interesting to match these models with the gateways identified above. Italy is not included in these four models. In Italy, the *Guardia di Finanza*, which has responsibility for carrying out investigations into tax crimes, has direct access to the *Anagrafe Tributaria* (the ‘Tax Register’) held by the Italian Revenue Agency, which includes tax information on Italian residents. Greece operates a hybrid model whereby tax crime investigations can be conducted by the tax administration or by SDOE, a separate agency under the Ministry of Finance.

Models where tax crime investigations are conducted within the tax administration

In Models 1 and 2 described in Chapter 2, tax crime investigations are conducted by officials within the tax administration. Under Model 1 investigations are both directed and conducted by the tax administration, while under Model 2 they are conducted by the tax administration under the direction of a public prosecutor or examining judge. In countries applying these models, physical or legal barriers may exist to restrict access by criminal investigators to information gathered by the tax administration in the course of its tax audit and compliance activities. Of the 18 countries that apply Model 1 or 2 in conducting tax crime investigations, 17 countries (Australia, Austria, Canada, Chile, Germany, Greece, India, Ireland, Korea, the Netherlands, New Zealand, Portugal, South Africa, Spain, Sweden, the United Kingdom and the United States) allow information obtained by the tax administration for the purposes of conducting tax audits and assessments to be used by its tax crime investigators. Much of this information may be obtained directly from taxpayer records and databases, while other information may be requested from the relevant area. It is important to note that although criminal investigators have direct access to information held by tax auditors within the same tax administration, they may not use tax audit powers to obtain information solely for the purposes of a criminal investigation. In Sweden, tax criminal investigations are carried out by Tax Fraud Investigation Units (‘TFIU’), which are part of the tax administration, but are treated separately for the purpose of legislation governing the sharing of information. TFIU may access directly certain information held by other parts of the tax administration. Other information may be provided spontaneously by the Swedish tax administration or made available on request. In Chile, the tax administration has created an electronic platform accessed through a secure website, to which the public prosecutor’s office has direct access. This provides instant access to tax information such as tax returns, while other information may be obtained from tax auditors on request. In 1 country (Switzerland) officials within the tax administration responsible for administering and assessing taxes are required to share with the agency’s criminal investigators any information that is required for the purposes of investigating a tax offence.

Models where tax crime investigations are conducted outside of the tax administration

In countries where tax crime investigations are conducted outside the tax administration (Models 3 and 4), legal gateways are generally in place to ensure that criminal investigators have access to relevant information held by the tax administration, which may include taxpayer data, so as to enable a full and effective investigation to take place. Under Model 3, investigations are conducted by agencies outside the tax administration but under the supervision of the Ministry of Finance.

Box 5. Matching Gateways with Models to Tackle Tax Crime (*cont.*)

In all three countries where this model is applied (Greece, Iceland and Turkey), tax crime investigators are granted direct access to some or all relevant information held by the tax administration. Under Model 4, tax crime investigations are conducted by the police or directly by the public prosecutor. Of the 11 countries applying this model, only 1 country (Belgium) provides for tax crime investigators to have direct access to tax administration information. In six countries (the Czech Republic, Denmark, Japan, Luxembourg, Norway and Slovenia) the tax administration must provide the police or public prosecutor with relevant tax information spontaneously, without the ability to exercise discretion. In three countries (Finland, France and the Slovak Republic) the tax administration has the ability to provide information spontaneously to police conducting tax investigations, but is not under an obligation to do so. France does allow direct access to taxpayer information for tax inspectors working in the Brigade Nationale d'Enquêtes Economiques ('BNEE') that operates within the judicial police. In 1 country (Mexico), the tax administration may report tax offences to the police responsible for conducting tax investigations, but can only provide additional tax information on request.

(ii) Availability to the police or public prosecutor investigating non-tax offences

In the course of their normal activities, tax administrations hold significant information about taxpayers, including personal and bank details, information concerning business activities, and data on people, capital and goods moving across national borders. As a result, tax administrations sometimes find themselves with information that leads its officials to suspect a non-tax offence may have occurred, as well as other details that may be valuable to police conducting criminal investigations. The table below shows the availability of information held by the tax administration to the police or public prosecutor investigating non-tax offences.

Direct access to information (4)	Obligation to share information spontaneously (3)	Ability to share information spontaneously (2)	Information shared on request only (1)	No sharing of information permitted (0)
Chile	Belgium Denmark France Greece Iceland India Italy Japan Luxembourg Netherlands Norway Switzerland	Australia Canada Finland Ireland Korea Portugal Slovak Republic Slovenia Sweden Turkey United Kingdom United States	Austria Czech Republic Mexico South Africa Spain	Germany New Zealand
1 country	12 countries	12 countries	5 countries	2 countries

In **Chile**, the public prosecutor has direct access to information held by the tax administration on a secure website, including tax information such as tax returns. The Chilean tax administration cannot share information covered by tax secrecy directly with the police, but may share non-tax information on request.

In 12 countries, where the tax administration obtains information relevant to a non-tax investigation, it is under an obligation to report this to the police or public prosecutor. In **Italy**, if the Italian Revenue Agency or *Guardia di Finanza* obtains information relevant to a non-tax investigation, it is obliged to report this information to the public prosecutor. In **Switzerland**, federal officials have an obligation to inform the public prosecutor with respect to any suspicions of possible non-tax offences which may be punishable by a prison sentence, which includes all serious offences.

In 12 countries, the tax administration is able to provide the police or public prosecutor with information it obtains that relates to suspected non-tax offences, but it is not under an obligation to do so. However, in a number of countries this ability is subject to important restrictions, examples of which include Australia, Portugal, Canada and the United States. The **Australian** tax administration is able to provide information spontaneously to law enforcement agencies, but only for the purposes of investigating serious offences punishable by imprisonment for a period exceeding 12 months, or in connection with the making of proceeds of crime orders. The police cannot obtain any taxpayer information relevant to less serious offences. The **Portuguese** tax administration may provide the public prosecutor with certain information relevant to criminal investigations spontaneously, and is also obliged to provide information on request where a prosecutor has determined that tax secrecy provisions should be lifted. Information may be shared between the Portuguese police and tax administration via a liaison group within the Financial Intelligence Unit, which is part of the police force. In **Canada** the police may obtain taxpayer information from the tax administration where the information is required for a case related to recovery of proceeds of crime, or the agencies are working together in joint forces operations. The Canadian tax administration may also provide information to police and law enforcement agencies where a court order has been obtained, criminal charges are laid or it has concerns related to threats against Canada's security. In **the United States** the tax administration may share information with law enforcement agencies that are conducting a joint investigation with the IRS Criminal Investigations and the investigation has been approved by the Department of Justice Tax Division. Otherwise, the tax administration may only provide taxpayer information on request under an *ex parte* order that has been signed by a federal judge.

In five countries, the tax administration may not provide any information spontaneously to the police or public prosecutor, but may provide information on request. In **South Africa**, the police can generally only obtain information relevant to non-tax investigations from the tax administration on request, under specific legislation related to the prevention and investigation of serious organised crime. Information requests under this legislation must be specific. The **South African** tax administration may also inform the police where it discovers evidence of a possible non-tax offence, but only if it first obtains specific consent from the court. In **the Czech Republic** the tax administration cannot provide information directly to the police, but may provide information requested by the public prosecutor.

In two countries there is a general prohibition against the tax administration providing information to the police or public prosecutor with respect to non-tax offences. **New Zealand** legislation specifically prohibits the tax administration from providing taxpayer information to the police or other agencies except in cases related to the administration of taxation, investigation of tax crimes and the facilitation of asset recovery. Therefore, with the exception of asset recovery cases, the tax administration cannot share tax information with law enforcement agencies for the purposes of

investigating non-tax offences. In **Germany**, disclosure by the tax administration of information protected by tax secrecy rules is only permitted in very exceptional circumstances.

In eight countries (**the Czech Republic, Germany, Mexico, the Slovak Republic, Slovenia, Spain, Sweden and Turkey**) there is no obligation on the tax administration to share information spontaneously with the police or public prosecutor, but the tax administration must nevertheless alert the police or public prosecutor where they have reason to suspect a non-tax offence has taken place. In **Sweden**, this obligation only applies to suspicions with respect to specific offences, which are mainly those which are connected with tax crimes, such as accounting offences and bribery.

(iii) Availability to the Financial Intelligence Unit

Tax administrations in many countries routinely receive financial information from taxpayers and financial institutions, including details of asset ownership, bank accounts, income and expenditure, cross-border movements of people and capital and relationships between individuals and corporations. This information may be extremely useful to FIUs in analysing Suspicious Transaction Reports and other data for the purposes of identifying possible money laundering and terrorist financing. The table below shows the availability of information held by the tax administration to the FIU.

Direct access to information (4)	Obligation to share information spontaneously (3)	Ability to share information spontaneously (2)	Information shared on request only (1)	No sharing of information permitted (0)
Czech Republic	Austria	Canada	India	Australia
Greece	Belgium	Chile	Korea	Japan
Italy	Denmark	Finland	Sweden	New Zealand
Turkey	Germany	France	Switzerland	United States
	Iceland	Ireland		
	Luxembourg	Netherlands*		
	Mexico	Portugal		
	Norway			
	Slovak Republic			
	Slovenia			
	South Africa			
	Spain			
	United Kingdom*			
4 countries	13 countries	7 countries	4 countries	4 countries

* Refers to information held in its capacity as tax administration and not as supervisor over compliance with anti-money laundering regulations.

From the table it can be seen that there is a broad spread of positions between countries as to the ability of the FIU to gain access to tax information. In four countries, the FIU is granted direct access to databases maintained by the tax administration. In **the Czech Republic**, the FIU has direct access to the ADIS database, which contains taxpayer information including the location of business premises, bank account number, tax arrears, any risk assessment and relations to other natural and legal persons. In **Italy**, the *Guardia di Finanza*, the FIU and the *Direzione Investigativa Antimafia* (the Bureau of Anti-Mafia Investigation) are the lead agencies in combating money laundering. The **Italian** FIU has direct access to the *Anagrafe dei Conti* ('Account and Deposit Register') maintained by the tax administration, which includes information on accounts and

financial transactions carried out by financial intermediaries, including banks, post-offices, trust companies and brokerage companies. Legislation has also been passed which allows the Italian FIU direct access to the *Anagrafe Tributaria* ('Tax Register'), containing information on the tax information of Italian taxpayers, such as declared income, tax payments, real estate and other property, cross-border financial transactions, and information on the results of tax audits. Direct access for the Italian FIU to the *Anagrafe Tributaria* has not yet been implemented.

In 13 countries the tax administration has a reporting obligation to provide information concerning possible money laundering or terrorist financing to the FIU. In another seven countries the tax administration has the ability to provide such information, but is able to exercise its discretion in doing so. These include **Ireland**, where legislation requires financial institutions and other reporting entities to submit Suspicious Transaction Reports to both the tax administration and the FIU, and broad legal gateways permit the agencies to share information. Specialists from the FIU and the tax administration's Suspicious Transaction Reports Office meet approximately every four to six weeks to discuss their analyses of Suspicious Transaction Reports and to co-ordinate investigations where evidence exists of both tax and non-tax offences, as well as discuss broader operational issues related to money laundering investigations. Arrangements are also in place for the tax administration to provide the FIU with information relating to declarations of cash moving into or out of the EU through Ireland. In **Chile**, the tax administration may only share tax information with the FIU where consent has been obtained from a judge.

In four countries tax information is only made available to the FIU on request. In **Sweden** and **Switzerland**, to obtain information from the tax administration the FIU must also demonstrate the specific facts and circumstances which may be confirmed by the information requested.

Legislation in four countries specifically prevents the tax administration from sharing information with the FIU, even where the information would be directly relevant to the FIU's activities. In **Japan** and **the United States**, tax offences are not currently included in the definition of a predicate offence for money laundering purposes. In contrast, tax crimes are predicate offences for money laundering purposes in **Australia** and **New Zealand**. In **Australia**, this is because AUSTRAC is established as a regulatory agency and not an investigatory body. In **New Zealand**, this legislation is currently under review to determine whether the tax administration's powers to share information with other agencies may be widened.

E. Information held by the police or public prosecutor

(i) Availability to the tax administration for the purpose of administering taxes

Investigations by the police into financial crimes may include a detailed analysis of a suspect's financial position. This may lead to the discovery of information that would be of interest to the tax administration for the purposes of administering taxes and determining tax assessments. The table below shows the ability of the police or public prosecutor to share this information with the tax administration. Legal gateways with respect to information relevant to tax crime investigations are considered separately.

Direct access to information (4)	Obligation to share information spontaneously (3)	Ability to share information spontaneously (2)	Information shared on request only (1)	No sharing of information permitted (0)
Italy*	Belgium Chile Germany Greece Iceland India Italy* Luxembourg Slovak Republic Switzerland	Australia Austria Canada Czech Republic Denmark Finland France Ireland Japan Netherlands New Zealand Norway Portugal Slovenia South Africa Sweden United Kingdom	Korea Spain Turkey United States	Mexico
1 country	10 countries	17 countries	4 countries	1 country

* Italy is included in the table twice, to reflect the position of both the *Guardia di Finanza* (under ‘*Direct access to information*’) and the Italian Revenue Agency (under ‘*Obligation to share information spontaneously*’).

In **Italy**, the *Guardia di Finanza* has authority to carry out civil tax investigations and audits under its administrative powers. In particular, the *Guardia di Finanza* may conduct civil tax audits that follow on from a criminal tax investigation (subject to authorisation by the public prosecutor). The *Guardia di Finanza* has direct access to information held by other police agencies for the purpose of tax audits and administration of taxes. Although operating under the supervision of the Ministry of Finance, the *Guardia di Finanza* has broad powers to investigate financial crimes, including money laundering, smuggling, drug trafficking and illegal immigration. Under Italian law, any agency or public official who discovers information relating to possible tax evasion is obliged to share this information with the *Guardia di Finanza*, which may conduct an investigation.

In ten countries a mandatory gateway exists which requires the police or public prosecutor to share information with the tax administration for the purpose of determining tax assessments. In **Switzerland** the police must provide federal and cantonal tax administrations with any information they obtain that may be useful in the administration and assessment of taxes. In 17 countries, the police or public prosecutor may spontaneously provide information to the tax administration, but may exercise discretion in doing so. In **Portugal**, the public prosecutor is able to share information with the tax administration for the purposes of administering taxes and determining tax assessments. This normally happens at the end of a criminal investigation. In four countries the police or public prosecutor are not able to provide information spontaneously, but the tax administration may request details relevant to the administration of taxes. In one country (**Mexico**) a prohibition applies to prevent the police or the public prosecutor from sharing information with the tax administration for the purpose of assessing taxes.

(ii) Availability to agencies investigating tax offences

Tax crimes often do not occur in isolation, but are connected to other offences. Police and public prosecutors investigating non-tax offences may obtain information that indicates a tax crime may have occurred, or is relevant to an ongoing tax investigation. This can prove a valuable source of intelligence for officials responsible for investigating suspected tax crimes. The table below shows the ability of the agency responsible for investigating tax crimes in each country to obtain information from the police or public prosecutor.

Direct access to information (4)	Obligation to share information spontaneously (3)	Ability to share information spontaneously (2)	Information shared on request only (1)	No sharing of information permitted (0)
Czech Republic	Chile	Australia	Slovak Republic	
Denmark	Germany	Austria		
Finland	Greece	Belgium		
Japan	Iceland	Canada		
Luxembourg	India	France		
Mexico	Italy	Ireland		
Norway	Korea	New Zealand		
Slovenia	Netherlands	Sweden		
United States	Portugal	Turkey		
	South Africa	United Kingdom		
	Spain			
	Switzerland			
9 countries	12 countries	10 countries	1 country	0 countries

In all countries, legal gateways exist to enable police or prosecutors to provide information to officials conducting tax crime investigations, or for these officials to access relevant information directly. This means that, on average, obligations to share information relevant to tax crimes is greater than the obligation to share information relevant to non-tax crime. To an extent this may be a result of the fact that in ten countries tax offences are investigated by the police or public prosecutor. Another reason could be the status accorded to tax crimes, as offences against the State.

In nine countries, officials conducting tax crime investigations have direct access to information held by the police or public prosecutor. In 12 countries, the police or public prosecutor has an obligation to provide tax crime investigators spontaneously with information relevant to a suspected tax offence. In ten countries, where the police or public prosecutor obtains information relating to a possible tax offence it may share this spontaneously with tax crime investigators, but is not under an obligation to do so. In the Slovak Republic, police officials conducting tax crime investigations may only obtain information held by the police relating to other cases on request. In a number of countries tax crime investigators can request information in addition to that available through other gateways. No country prohibits the police or public prosecutor from sharing information relevant to a tax offence with tax crime investigators.

Box 6. Matching Gateways with Models to Tackle Tax Crime

The report identifies four models for investigating and prosecuting tax crime and it may be interesting to match these models with the gateways identified above. Italy is not included in these four models. In Italy, the *Guardia di Finanza*, which has responsibility for carrying out investigations into tax crimes, has direct access to information held by other police agencies. In addition, where the police or public prosecutors, in the course of their duties, obtain information concerning possible tax evasion, they are obliged to share this information spontaneously with the *Guardia di Finanza*. Greece applies a hybrid model, whereby tax investigations can be conducted by the tax administration or by SDOE, a separate agency under the Ministry of Finance.

Models where tax crime investigations are conducted within the tax administration

18 countries were identified as applying Models 1 or 2 for investigating tax offences, which means that tax crime investigations are conducted by officials within the tax administration. Of these, the United States is the only country to allow direct access to police information for tax investigators. In the United States, IRS criminal investigators have direct access to all criminal history information held by law enforcement agencies, through the National Crime Information System. Where further information is required, tax crime investigators can request it from the originating law enforcement agency. Through various task forces and teams, investigators can also obtain trends and typologies from other law enforcement agencies upon request.

In ten countries (Chile, Germany, Greece, India, Korea, the Netherlands, Portugal, South Africa, Spain and Switzerland), the police or public prosecutor are obliged to share information relevant to a suspected tax offence. Where the Portuguese tax administration is conducting a criminal investigation into a tax offence, the official co-ordinating the investigation may also ask the FIU, which is part of the police force, to grant the tax administration real-time access to the police Integrated System for Criminal Investigation, which includes information held by the criminal police. In Spain, examining judges are obliged to share with tax crime investigators information relevant to suspected offences. Spanish police, on the other hand, may only provide information to tax crime investigators on request. In Korea, the public prosecutor must provide the National Tax Service spontaneously with information relevant to a tax crime investigation, whereas the Korean police may only provide information on request.

In a further seven countries applying Models 1 or 2 (Australia, Austria, Canada, Ireland, New Zealand, Sweden and the United Kingdom), information relating to a tax crime investigation may be provided spontaneously by the police or public prosecutor, but there is no obligation on the police to do so. In Sweden the general position is that the police are able to share to share information spontaneously with tax crime investigators. However, tax crime investigators also have direct access to police registers which contain details of suspects and criminal records.

Models where tax crime investigations are conducted outside of the tax administration

Of the three countries applying Model 3 (whereby investigations are conducted by agencies outside the tax administration but under the supervision of the Ministry of Finance), no country provides for tax crime investigators to have direct access to information held by the police or public prosecutor. In two countries (Greece and Iceland) where the police obtain information relevant to a tax crime investigation, it has obligation to provide this information spontaneously to the agency conducting the investigation. In one country (Turkey), the police are able to provide tax crime investigators with information relevant to an investigation, but may exercise discretion.

Box 6. Matching Gateways with Models to Tackle Tax Crime (cont.)

Model 4 for investigating tax crime investigations is applied in 11 countries, and investigations are conducted by the police or directly by the public prosecutor. In seven countries where tax crimes are investigated by the general police force (the Czech Republic, Denmark, Finland, Luxembourg, Mexico, Norway and Slovenia) officers investigating tax crimes have direct access to police records and databases. In Japan, prosecutors investigating tax crimes have direct access to information within the public prosecutor's office. In France, tax offences may be conducted by a number of police forces acting as judicial police under the direction of a prosecutor. However, a number of forces are more specialised in financial investigations and in 2010 the *Brigade National de Répression de la Délinquance Fiscale* ('BNRDF') was established as an agency with specific police and tax skills to combat serious tax offences. French police forces do not generally grant direct access to information for offices in other police forces. However, they are able to share information spontaneously where this is relevant to an offence under investigation by another force. In Belgium, the police are able to provide information spontaneously to tax crime investigators, but are not obliged to do so. In the Slovak Republic, officers investigating tax crimes can only obtain information held by the police relating to other cases on request.

(iii) Availability to the Financial Intelligence Unit

FIU are responsible for conducting analyses of possible money laundering and terrorist financing, which may be used by law enforcement agencies in combating crime. These analyses may themselves be informed by information obtained by the FIU from the police or prosecutors, either where any agency has obtained evidence of a possible predicate offence, or where it holds other information relevant to the FIU's work. The table below shows the availability to FIU of information held by the police or public prosecutor.

Direct access to information (4)	Obligation to share information spontaneously (3)	Ability to share information spontaneously (2)	Information shared on request only (1)	No sharing of information permitted (0)
Austria	Denmark	Australia	Czech Republic	
Finland	Germany	Belgium	India	
Greece	Iceland	Canada	Korea	
Ireland	Italy	France	Mexico	
Japan	Norway	New Zealand	United States	
Luxembourg	Slovak Republic	Turkey		
Netherlands	South Africa			
Portugal	Spain			
Slovenia	United Kingdom			
Sweden				
Switzerland				
11 countries	9 countries	6 countries	5 countries	1 country

In all countries but one, legal gateways exist to enable the FIU to obtain information from the police for the purpose of their activities, but the mechanisms used vary widely. In 11 countries, the FIU has direct access to information held by the police or public prosecutor relevant to its activities. In **Greece**, the FIU has direct access to police information. The Greek public prosecutor is under an obligation to provide the FIU with information spontaneously, but does not give the FIU direct access to information. Where the police obtain information concerning possible money laundering or terrorist financing, in nine countries they are obligated to provide this information spontaneously to the FIU. In a further six countries, the police are able to provide this information

spontaneously, but are not under an obligation to do so. In **Turkey**, although the police may exercise discretion in providing information spontaneously to the FIU, the Public Prosecutor's Office must inform the FIU about results of court decisions related to money laundering and terrorist financing offences. In **Belgium**, since 16 April 2012 the Central Seizure and Confiscation Office (OCSC), which is part of the public prosecutor's office, and the FIU can share information concerning the proceeds of crime. In five countries, the FIU does not have access to police data and the police cannot provide information spontaneously, but the FIU can request information for the purposes of its analyses and other activities. One country has a blanket prohibition on the police sharing information with the FIU.

Box 7. Matching Gateways with FIU Organisational Models

The report identifies four organisational models for FIUs and it appears that the ability of an FIU to access police information, as set out in the table above, reflects the Model used for establishing the FIU, though exceptions do exist.

FIU established as a division of the police or public prosecutor's office

Of the countries covered by this report, 16 applied Model 1 in setting up their FIU. Of these countries, nine (Austria, Finland, Ireland, Japan, Luxembourg, the Netherlands, Portugal, Sweden and Switzerland) provide for the FIU to have direct access to relevant information held by the police. In Luxembourg the FIU is a division of the public prosecutor's office. The Luxembourg FIU has direct access to information held by the public prosecutor, which will include information provided to the public prosecutor by the police. The FIU may also request additional specific information from the police.

In a further seven countries (Denmark, Germany, Iceland, Norway, the Slovak Republic and the United Kingdom) the police are required to provide officers in the FIU (which in these countries is within the police or similar agency) with any information it obtains relevant to the FIU's activities. In one country (New Zealand) the police are able to provide relevant information spontaneously to the FIU, but are not required to do so. That the police in a significant majority of countries adopting this model permit the FIU direct access to information, or are obligated to share information spontaneously, may reflect the fact that in these countries the FIU is seen as having a direct role in law enforcement.

FIU established as an independent unit within the central bank, or as a separate agency under the supervision of the Ministry of Finance or Ministry of Justice

Under Models 2 to 4, the FIU is established as an independent unit within a financial regulator, or as a separate agency under the supervision of the Ministry of Finance or Ministry of Justice. A total of 16 countries apply one of these 3 models (Belgium applying a hybrid of Models 3 and 4). Of these 16, two countries (Greece and Slovenia) provide for the FIU to have direct access to relevant information held by the police. In Slovenia, this is under an agreement on mutual co operation signed by the Slovenian police and the FIU, which sits under the Ministry of Finance. Under this agreement the Slovenian FIU has direct access to specific police records for the purposes of the FIU's activities in preventing and detecting money laundering and terrorist financing. The police must also inform the FIU about the results of any criminal investigation that commenced as a result of a referral. In three countries (Italy, South Africa and Spain), the police have a reporting obligation to provide relevant information spontaneously to the FIU. In five countries (Australia, Belgium, Canada, France and Turkey), the police may exercise discretion in providing information spontaneously to the FIU. In five countries (the Czech Republic, India, Korea, Mexico and the United States) the FIU may only obtain police information on request. In one country (Chile) a prohibition applies to prevent the police and public prosecutor from sharing information with the FIU.

F. Information held by the Financial Intelligence Unit

(i) Availability to the tax administration for the purpose of administering taxes

Under anti-money laundering legislation, designated businesses are required to submit Suspicious Transaction Reports to their country's FIU where they suspect or have reasonable grounds to suspect possible money laundering or terrorist financing. FIUs also conduct analyses of information obtained from Suspicious Transaction Reports and other agencies. Much of the FIU's work concerns the identification and analysis of assets, capital flows and financial transactions. FIUs may therefore hold significant information which may be relevant to a country's tax administration for the purpose of determining tax assessments. This is not related to whether tax crimes are included as predicate offences in a country.

The table below shows the availability of FIU information to the tax administrations for the purpose of administering and assessing taxes. Information for the purposes of tax crime investigations is considered separately.

Direct access to information (4)	Obligation to share information spontaneously (3)	Ability to share information spontaneously (2)	Information shared on request only (1)	No sharing of information permitted (0)
Australia Ireland United Kingdom United States	Belgium Czech Republic Germany Iceland India Spain	Austria Canada Denmark France Greece Mexico New Zealand Norway Portugal Slovak Republic Turkey	Korea South Africa Sweden	Chile Finland Italy Japan Luxembourg Netherlands Slovenia Switzerland
4 countries	6 countries	11 countries	3 country	8 countries

Tax administrations in four countries have direct access to information held by the FIU. In **Australia**, the tax administration has a right of access to all FIU information, including direct access to all Suspicious Transaction Reports, via a secure online connection for any purpose relating to the facilitation of the administration or enforcement of tax law. There are however restrictions on the use of FIU information by the Australian Tax Office. For example, Suspicious Transaction Reports may be used by the tax administration for intelligence, but cannot be used or relied on for evidentiary purposes. The Australian FIU also provides the tax administration with complete data sets of STR information, which the tax administration uses in its automated data matching and data mining programmes. In the **United States**, the tax administration also has direct and immediate access to FIU databases for the enforcement of both civil and criminal compliance. The **United Kingdom** tax administration has direct access to Suspicious Transaction Reports held by the FIU, via a secure online facility, Moneyweb. Very sensitive reports, for example concerning police corruption and live terrorism investigations, are not available on Moneyweb, but can be obtained on request. Access to Moneyweb within the tax administration is restricted to authorised financial investigators, intelligence officers and confiscation officers that work across the tax compliance and

criminal investigations divisions. Information obtained from the FIU can be used in determining civil tax assessments, but Suspicious Transaction Reports cannot be shared with unauthorised staff unless the reports are first sanitised to protect the source of information. In Ireland, legislation provides for the Revenue to receive copies of all Suspicious Transaction Reports directly from regulated businesses. This means that the Irish tax administration directly and independently receives information that in most countries must be obtained from the FIU. Further information may be provided by the Irish FIU spontaneously or on request.

In six countries, the FIU has an obligation to provide the tax administration with information relevant to determining tax assessments.

In a further 11 countries, the FIU is able to share information spontaneously with the tax administration, but is not obliged to. In **the Slovak Republic**, the FIU may inform the tax administration of any information that the FIU believes may result in new civil tax proceedings, or would be relevant to ongoing civil tax proceedings. However, this obligation does not apply where informing the tax administration could endanger the success of the FIU's activities.

In three countries, the tax administration is only able to obtain information relevant to tax assessments from the FIU on request.

Importantly, in eight countries the FIU is prohibited from sharing information with the tax administration for tax assessment purposes. In **Italy**, although the FIU cannot provide information directly to the Italian Revenue Agency, it does provide copies of all Suspicious Transaction Reports to the *Guardia di Finanza*, which carries out tax audits and investigates suspected tax offences. Following a tax audit, the *Guardia di Finanza* reports to the Italian Revenue Agency any information that would be relevant in the assessment of taxes, such as evidence of non-criminal tax avoidance. In **the Netherlands**, the tax administration has no access to Unusual Transaction Reports. Where the FIU determines that there is sufficient evidence of possible criminal activity for an Unusual Transaction Report to be categorised as a Suspicious Transaction Report, this may be accessed directly by FIOD, which is the criminal investigations division of the Netherlands tax administration. FIOD may subsequently decide not to pursue a criminal investigation, but may share the Suspicious Transaction Report with the tax administration's civil division for use in assessing taxes.

(ii) Availability to agencies investigating tax offences

FIUs in all countries may receive Suspicious Transaction Reports which identify other predicate offences and lead the FIU to suspect that a tax offence may also have taken place. This is particularly the case in countries where tax crimes are predicate offences for money laundering purposes, where the FIU may receive Suspicious Transaction Reports specifically identifying possible tax offences. Other work and analyses conducted by an FIU may reveal information that could be directly relevant to the investigation of tax offences. All FIUs may therefore hold information which would be of interest to officials investigating tax offences. The table below shows the ability of the agency responsible for investigating tax crimes in a country to obtain relevant information from the FIU.

Direct access to information (4)	Obligation to share information spontaneously (3)	Ability to share information spontaneously (2)	Information shared on request only (1)	No sharing of information permitted (0)
Australia Ireland Netherlands United Kingdom United States	Belgium Chile Czech Republic Germany Iceland India Italy Korea Mexico Portugal Slovenia South Africa Spain	Austria Canada Denmark Finland France Greece Luxembourg New Zealand Norway Slovak Republic Sweden Turkey		Japan Switzerland
5 countries	13 countries	12 countries	0 countries	2 countries

In five countries, the agency responsible for tax investigations has direct access to FIU information. Of these five, three (**Ireland, the Netherlands and the United Kingdom**) have FIUs established within the police or public prosecutor's office, whereas the other two (**Australia and the United States**) have FIUs established as separate agencies. This indicates that there is no clear link between granting direct access to FIU information, and the model under which the FIU is established. In **Ireland**, the Revenue receives copies of all Suspicious Transaction Reports directly from regulated businesses. Specialists within the tax administration and FIU meet regularly to discuss their analyses of Reports and co-ordinate investigations where evidence of tax and non-tax offences exists. Broad legal gateways also allow the Irish FIU, which is part of the police, to share information with respect to tax offences. In **the Netherlands**, the tax administration does not have access to Unusual Transaction Reports, which are received by the FIU from businesses. Where the FIU determines that there is sufficient evidence of possible criminal activity for the report to be categorised as a Suspicious Transaction Report, this may be accessed directly by FIOD.

In 13 countries, the FIU has an obligation to report all information relating to possible tax offences to the agency responsible for conducting investigations. There is a clearer correlation between these countries and the model adopted for the FIU. In ten of these countries (**Belgium, Chile, the Czech Republic, India, Italy, Korea, Mexico, Slovenia, South Africa and Spain**), the FIU is established as a separate agency, or as a division of a financial regulator. In **Italy**, tax crime investigations are conducted by the *Guardia di Finanza*, under supervision of the courts. The Italian FIU is required to share all Suspicious Transaction Reports and its financial analyses with the *Nucleo Speciale di Polizia Valutaria* ('NSPV'), which is part of the *Guardia di Finanza*. In addition, a Memorandum of Understanding between the agencies provides that the FIU will provide to the *Guardia di Finanza* any information it obtains that is relevant to the agency's activities. In **Slovenia**, tax offences are investigated by the police. The Slovenian FIU must inform the tax administration and police if it obtains information that leads it to suspect tax crime has been committed. Otherwise, the FIU does not provide any information to the tax administration, or to the police that is related to tax crimes. The FIU does not provide information to these agencies on request.

The **Spanish** tax administration does not have direct access to Suspicious Transaction Reports held by the FIU. However, under a memorandum of understanding signed in 2006, the FIU must spontaneously inform the tax administration if its analyses suggest that tax crime or other non-compliance exists, which may be used to conduct further investigations and also in the administration and assessment of taxes. The tax administration may also request further information on particular taxpayers. Where the FIU has previously sent reports on the same persons to the police or public prosecutor, the FIU will inform the tax administration, so the tax administration may seek information from the recipient of the report. The FIU must also inform the public prosecutor or judicial authority, which has responsibility for directing tax crime investigations in Spain, if it obtains any evidence or indications of criminal offences.

In only three countries (**Germany, Iceland and Portugal**) do FIUs established within the police or public prosecutor's office have an obligation to report information concerning tax offences to criminal tax investigators. Where the **Portuguese** tax administration is conducting a criminal investigation into a tax offence, the official co-ordinating the investigation may require the FIU to grant it real-time access to the police Integrated System for Criminal Investigation, which includes FIU information. Where the FIU receives Suspicious Transaction Reports that contain details of possible tax offences, the FIU may send a summary of the Report, but not the Suspicious Transaction Report itself, to the tax administration. This summary contains basic information regarding the financial transactions carried out and the parties to these transactions. If the referral results in a criminal investigation, the tax administration may then require the FIU to disclose further information.

In 12 countries, the FIU is able to provide relevant information concerning tax offences to tax crime investigators, though is not under an obligation to do so. Out of these 12 FIUs, eight (**Austria, Denmark, Finland, Luxembourg, New Zealand, Norway, the Slovak Republic and Sweden**) are established as units of the police or public prosecutor's office, with four (**Canada, France, Greece and Turkey**) being agencies under the Ministry of Finance. In **New Zealand** processes are in place to ensure that any Suspicious Transaction Reports concerning possible tax evasion are forwarded to the tax administration by the FIU without requiring a request. The tax administration also makes extensive use is targeted information requests to obtain FIU data in relation to specific taxpayers, and high risk demographics and regions for use in detecting offshore tax evasion. In **Norway**, the FIU may provide information spontaneously to the police, which is responsible for investigating tax offences, and also to the tax administration. The FIU is not obliged to provide information to either agency, and the Norwegian police and tax administration are not able to request information from the FIU. In **Canada**, in 2010/2011 \$27.9 million of additional federal tax revenue was raised following disclosures received directly from the FIU or via the police.

In **Switzerland** the FIU is not authorised to share information it holds with the country's federal or cantonal tax administrations, which are responsible for investigating tax offences. The Swiss FIU is an administrative body within the Federal Office of Police. In **Japan**, the FIU is not authorised to disseminate FIU information, including Suspicious Transaction Reports, for the purpose of investigating tax offences, as these offences are not included in the definition of predicate offence for money laundering purposes under Japanese law.

(iii) Availability to the police or public prosecutor investigating non-tax offences

With very few exceptions, FIUs are not responsible for conducting criminal investigations. Therefore, it is essential that robust gateways are in place to enable an FIU to provide information to law enforcement agencies which are competent to investigate offences identified through the FIU's activities. The table below shows the ability of police and public prosecutors to obtain this information from FIUs.

Direct access to information (4)	Obligation to share information spontaneously (3)	Ability to share information spontaneously (2)	Information shared on request only (1)	No sharing of information permitted (0)
Australia Ireland Netherlands United Kingdom United States	Belgium Chile Czech Republic France Germany Iceland India Italy Korea Mexico Portugal Slovak Republic Slovenia South Africa Spain Sweden Switzerland Turkey	Austria Canada Denmark Finland Greece Japan Luxembourg New Zealand Norway		
5 countries	18 countries	9 countries	0 countries	0 countries

In all countries included in this report, legal gateways exist to enable the FIU to provide information concerning criminal activities spontaneously to the police or public prosecutor, or for investigators to access FIU information directly.

In five countries, the police have direct access to information held by the FIU. In **Ireland**, **the Netherlands** and **the United Kingdom**, the FIU is established within the police or public prosecutor's office. The **Australian** FIU is a separate agency under the Attorney-General's Department. In **the United States**, the FIU is an agency supervised by the Treasury Department. There does not seem to be any clear link between FIUs that permit direct access to information for the police and the model used to establish the FIU. However, all five countries also allowed direct access to FIU information for tax crime investigators, which in each case are based within the tax administration and not the police. This suggests that in these countries there is an emphasis on sharing FIU information with both tax and non-tax criminal investigators, regardless of the different organisational models applied.

In 18 countries, the FIU has an obligation to report information related to non-tax offences to the police or public prosecutor. In 12 of these (**Belgium**, **Chile**, **the Czech Republic**, **France**, **India**, **Italy**, **Korea**, **Mexico**, **Slovenia**, **South Africa**, **Spain** and **Turkey**) the FIU is established as an agency under the Ministry of Finance or within

a financial regulator. In **Belgium**, the FIU is established jointly under the Ministries of Finance and Justice. Since 16 April 2012 the Belgian Central Seizure and Confiscation Office (OCSC), which is part of the public prosecutor's office, and the FIU can share information concerning the proceeds of crime. The **Slovenian** FIU must inform police where, on the basis of its analyses, it believes there is reason to suspect money laundering or terrorist financing offences, or other specified offences carrying a possible prison sentence of at least five years, have taken place. In **Italy** the FIU sends copies of all Suspicious Transaction Reports and financial analyses to the *Guardia di Finanza* or the *Direzione Investigativa Antimafia* (Bureau of Anti-Mafia Investigation – ‘DIA’). In 2010, 97% of Suspicious Transaction Reports were sent to the *Guardia di Finanza* and 3% to the DIA. Under Italian law, the *Guardia di Finanza*, the DIA and the FIU are the leading agencies in the fight against money laundering. In **Turkey**, the FIU is under an obligation to share information relevant to non-tax offences with the public prosecutor. The Turkish FIU may also share information with the police, but is not under an obligation to do so. In six countries (**Germany**, **Iceland**, **Portugal**, **the Slovak Republic**, **Sweden** and **Switzerland**) the FIU is established within the police or public prosecutor's office. In **the Slovak Republic**, the FIU is required to provide the police with information relevant to criminal investigations, so long as providing this information does not jeopardise the FIU’s own activities. In **Germany**, where the FIU obtains information relating to possible money laundering or terrorist financing offences, it must without delay provide this to the appropriate federal and Länder police forces.

In nine countries the FIU is able to share information regarding possible criminal offences with the police or public prosecutor spontaneously, but is not under an obligation to do so. In seven of these countries (**Austria**, **Denmark**, **Finland**, **Japan**, **Luxembourg**, **New Zealand** and **Norway**), the FIU is established as part of the police or public prosecutor's office. In **Norway**, the FIU is able to provide information spontaneously to the police, but the police are not able to request information. This could act as an important restriction on an investigator's ability to obtain information held by the FIU, or to seek further details with respect to information already obtained. In **Finland**, the FIU may also conduct pre-trial investigations into possible money laundering offences. In **Luxembourg**, the FIU is established within the public prosecutor's office, thus allowing the close co-ordination of activities and information sharing between the FIU and prosecutors. In two countries (**Canada** and **Greece**) the FIU is a separate agency under the Ministry of Finance.

G. Information held by financial regulators

The principal functions of financial regulators include maintaining the stability of the financial system, and ensuring the competence of market participants and providers of financial services. They may also have direct responsibility for combating crime related to financial markets, such as insider trading and market manipulation and in the course of their supervisory and regulatory activities collect and hold information on individuals, institutions and transactions, which may contain evidence of other offences. In a number of countries, financial regulators also act as an anti-money laundering authority, monitoring compliance with legislation by regulated entities. The need for agencies to have access to this valuable intelligence must be weighed against the fact that regulators often process large volumes of commercially sensitive information.

(i) Availability to the tax administration for the purpose of administering taxes

The table below shows the availability of information held by financial regulators to tax administrations for the purposes of administering or assessing taxes. Sharing information for the purposes of criminal investigations is considered separately.

Direct access to information (4)	Obligation to share information spontaneously (3)	Ability to share information spontaneously (2)	Information shared on request only (1)	No sharing of information permitted (0)
		Australia India Luxembourg New Zealand Slovenia Sweden Switzerland Turkey United Kingdom United States	Chile Canada Czech Republic Iceland Japan Mexico Norway Portugal Slovak Republic South Africa Spain	Austria Belgium Denmark Finland France Germany Greece Ireland Italy Korea Netherlands
0 countries	0 countries	10 countries	11 countries	11 countries

There are generally few obligations on regulators to share information with tax administrations for the purposes of determining assessments. No country allows the tax administration direct access to information held by regulators or imposes an obligation on regulators to report information to the tax administration in the absence of a suspected tax offence. In ten countries regulators are able to provide information to the tax administration spontaneously. In 11 countries information is available to the tax administration on request only. In a further 11 countries there is a prohibition on financial regulators providing information to the tax administration for purposes of administering taxes. In **Greece**, in general information held by the Capital Markets Commission is not available to the tax administration for the purposes of administering taxes. However, information may be made available to the tax administration on request where the information was already included by the Capital Markets Commission in a decision to impose sanctions.

(ii) Availability to agencies investigating tax offences

The table below shows the availability of information held by financial regulators to agencies responsible for investigating tax offences.

Direct access to information (4)	Obligation to share information spontaneously (3)	Ability to share information spontaneously (2)	Information shared on request only (1)	No sharing of information permitted (0)
	Belgium Czech Republic France Germany Greece India Ireland Italy Japan Luxembourg Slovenia South Africa Switzerland	Australia Finland Iceland Netherlands New Zealand Norway Slovak Republic Sweden Turkey United Kingdom United States	Canada Chile Denmark Mexico Portugal Spain	Austria Korea
0 countries	13 countries	11 countries	6 countries	2 countries

In contrast to the position with respect to information relevant to determining tax assessments, 13 countries have legal gateways in place to require financial regulators to report information relevant to possible tax offences to tax crime investigators. In **Germany**, this obligation only applies where there is a compelling public interest in the prosecution of such crimes or when a person obliged to furnish information (for example in a tax procedure) intentionally provides false information. In **Greece**, where the Capital Markets Commission obtains information concerning possible criminal tax offences, it must report this to the Economic Crimes Enforcement Agency (SDOE). Other information is made available to SDOE only on request.

In 11 countries, regulators are able to provide information spontaneously to tax crime investigators, or a public prosecutor responsible for directing investigations, at their discretion. In the **Netherlands**, secrecy laws governing information held by financial supervisors are given priority over a general obligation to share information with other agencies, except where a strictly interpreted necessity condition is met. In practice this means that Dutch financial supervisors are able to provide information concerning a suspected tax offence to the tax administration, so long as the information is to be used in specific law enforcement and not for general intelligence purposes. The Dutch Central Bank and the Financial Markets Authority may only provide information on criminal tax violations where there is a direct link to their role as supervisor. In **France**, financial regulators are obliged to provide information spontaneously to the public prosecutor.

In six countries, agencies investigating suspected tax offences may only obtain relevant information from financial regulators on request. In **Austria** and **Korea**, a prohibition applies to prevent regulators sharing information related to possible tax offences with tax crime investigators.

(iii) Availability to the police or public prosecutor investigating non-tax offences

The table below shows the availability of information held by financial regulators to the police and public prosecutors with responsibility for investigating non-tax offences.

Direct access to information (4)	Obligation to share information spontaneously (3)	Ability to share information spontaneously (2)	Information shared on request only (1)	No sharing of information permitted (0)
	Belgium Czech Republic France Germany Greece India Ireland Italy Japan Korea Luxembourg South Africa Spain Sweden Switzerland Turkey	Australia Finland Iceland Netherlands New Zealand Norway Slovak Republic Slovenia United Kingdom United States	Austria Canada Chile Denmark Mexico Portugal	
0 countries	16 countries	10 countries	6 countries	0 countries

There are on average greater obligations on financial regulators to provide information to agencies investigating non-tax offences, than to those investigating tax offences. In 16 countries, where a regulator holds information concerning a suspected non-tax offence, it is obliged to report this to the police or public prosecutor. In **Italy**, where the central bank has reason to suspect a possible offence has taken place, it must inform the public prosecutor's office, which will generally direct an investigation through the appropriate police agency. Police may also request information relevant to investigations from the Bank of Italy, which will be provided so long as this does not breach confidentiality provisions. In **Greece**, the Capital Markets Commission must report to the public prosecutor any information it obtains which causes it to suspect a criminal offence may have been committed. Other information may be provided to the public prosecutor or court on request, subject to the condition that the information must be absolutely necessary for the detection or punishment of a criminal offence. In **Sweden**, financial regulators have an obligation to report suspicions of certain offences, such as insider dealing, to the public prosecutor. Other relevant information may be provided to the police or prosecution at the regulator's discretion. In ten countries financial regulators are able to provide the police or public prosecutor with information relevant to a suspected non-tax offence, but are under no obligation to do so. In six countries, regulators may only provide information on request. No country imposes a blanket prohibition on regulators providing information relevant to possible non-tax offences.

(iv) Availability to the Financial Intelligence Unit

The table below shows the availability of information held by financial regulators to Financial Intelligence Units.

Direct access to information (4)	Obligation to share information spontaneously (3)	Ability to share information spontaneously (2)	Information shared on request only (1)	No sharing of information permitted (0)
	Belgium Chile Czech Republic Finland France Germany Greece Iceland Ireland Italy Luxembourg Slovenia South Africa Spain Switzerland United Kingdom	Australia Austria Canada Japan Netherlands New Zealand Norway Portugal Slovak Republic Sweden Turkey United States	Denmark India Mexico	Korea
0 countries	16 countries	12 countries	3 countries	1 country

Regulators in 16 countries must inform the FIU if they obtain information that leads them to suspect money laundering concerning a regulated entity. In **Finland**, the Financial Supervisory Authority may also disclose any other information required by the FIU for the purposes of a pre-trial investigation. In **Italy** information held by the central bank and other Italian financial supervisors typically cannot be shared with other agencies. However, specific legislation provides that secrecy restrictions cannot be imposed between the financial regulators and the FIU. Subsequently, the Italian FIU has signed memoranda of understanding with the Bank of Italy and the Insurance Supervisory Authority setting out obligations for the bodies to share information and to co-operate in combating money laundering and ensuring effective supervision. A further memorandum of understanding is currently under negotiation between the FIU and Securities Supervisory Authority. In **France**, the central bank must provide information relevant to suspected money laundering or terrorist financing activities directly to the FIU. Other French financial regulators must provide information to the public prosecutor's office with respect to any sums or transactions that they suspect relate to criminal offences punishable by more than one year's imprisonment, or to the financing of terrorism.

In 12 countries, regulators are able to inform the FIU if they obtain information relevant to the FIU's activities, but are not under an obligation to do so. In **the Netherlands**, the Dutch Central Bank, the Financial Markets Authority and the Dutch Competition Authority are able to provide information concerning suspected money laundering to the FIU. The Bureau of Financial Supervision ('BFT') is responsible for the supervision of lawyers, notaries and accountants, which benefit from greater secrecy and non-disclosure provisions under Netherlands law. In contrast to other regulators, the BFT is subject to greater restrictions on the types of information it may provide.

In three countries, the FIU may only obtain information from regulators on request. Only 1 country (**Korea**) imposes a prohibition on regulators from sharing information with the FIU.

H. Examples of successful practices

The box below includes some examples of successful practices in sharing information between agencies.

Box 8. Examples of successful practices in sharing information between agencies

A number of initiatives have so far triggered positive results in terms of fostering inter-agency co-operation and allowing different agencies to work more effectively and efficiently. These initiatives include the following:

- **Co-ordinated response to Suspicious Transaction Reports by the tax administration and FIU (*Ireland and Turkey*):** Legislation in Ireland requires financial institutions and other reporting entities to submit Suspicious Transaction Reports to both the tax administration and the FIU, and broad legal gateways permit the agencies to share information. Following the introduction of the requirement to submit Suspicious Transaction reports to the tax administration in 2003, the Irish Revenue carried out extensive discussions with financial institutions. These emphasised the obligation to submit Suspicious Transaction Reports where there were suspicions of money laundering and the predicate offence was a possible tax crime. This campaign was successful and contributed to an increase in Suspicious Transaction Reports submitted from approximately 3,000 in 2003, to 5,000 in 2004 and 14,000 in 2008. Approximately 80% of Suspicious Transaction Reports received relate to possible tax offences. Since 2003, the Irish tax administration has settled 578 civil tax assessments supported by information contained in Suspicious Transaction reports, with additional tax revenue raised of EUR60.1 million. There are currently 25 tax crime prosecutions ongoing in Ireland, which were initiated from information in Suspicious Transaction Reports. Specialists from the FIU and the tax meet regularly to discuss their analyses of Suspicious Transaction Reports and to co-ordinate investigations where evidence exists of both tax and non-tax offences, as well as discuss broader operational issues related to money laundering investigations. The FIU and tax administration also each attend feedback fora between the other agency and businesses required to submit Suspicious Transaction Reports. This ensures the agencies display a united front in their dealings with the public.

In Turkey, in 2009 and 2010 the FIU received Suspicious Transaction Reports related to possible usury carried out using Point of Sale (POS) machines. Specialists within the FIU analysed these reports and determined that, in addition to usury, the predicate offences underlying the Suspicious Transaction Reports included possible tax crimes. The FIU immediately shared its analysis with the Tax Inspection Board, which conducts tax crime investigations in Turkey. The Board started a number of investigations, during which officials identified additional unreported taxable income and evidence of tax offences. The Tax Inspection Board shared the results of its investigations with the FIU, which resulted in the FIU submitting the case to the public prosecutor's office for prosecution of money laundering offences.

Box 8. Examples of successful practices in sharing information between agencies
(cont.)

- **Access to Suspicious Transaction Reports for the tax administration (Australia):** In Australia, the tax administration has a right of access to all FIU information, including direct access to all Suspicious Transaction Reports, via a secure online connection. This may be used for any purpose relating to the administration of taxes and the enforcement of tax law. The FIU also provides the tax administration with complete data sets of STR information, which the tax administration uses in its automated data matching and data mining programmes.
- **Access to tax information for the FIU and co-operation between the FIU and financial regulators (Italy):** Investigations into suspected tax offences identified by the Italian FIU are conducted by the *Guardia di Finanza*, which has direct access to information held by the tax administration. The Italian FIU also has direct access to the *Anagrafe dei Conti* ('Account and Deposit Register') maintained by the tax administration, which includes information on accounts and financial transactions carried out by financial intermediaries. Since 2009, information obtained by the FIU from the *Anagrafe dei Conti* has been extremely useful. In particular, this information has been used in analyzing Suspicious Transaction Reports, improving international co-operation by providing information to be shared with overseas FIUs, and in enhancing the effectiveness of inspections and audits, especially those with respect to non-co-operative financial intermediaries. Legislation has also been passed to allow the Italian FIU direct access to the *Anagrafe Tributaria* ('Tax Register') which, once implemented, will allow the FIU access to information on the tax information of Italian taxpayers. The Italian FIU has signed memoranda of understanding with the Bank of Italy and the Insurance Supervisory Authority setting out obligations for the bodies to share information and to co-operate in combating money laundering and ensuring effective supervision. A further memorandum of understanding is currently under negotiation between the FIU and Securities Supervisory Authority.
- **Use of covenants to improve co-operation between the tax administration and police (the Netherlands):** Police in the Netherlands may obtain information held by the tax administration's tax compliance and audit areas only where an actual criminal investigation is underway and a formal request is submitted. However, the police and tax administration have entered into covenants that operate as permanent requests for information. The impact of this is that the tax administration can, in effect, provide information spontaneously. In the Netherlands, covenants are also used to facilitate co-operation with other agencies, including financial regulators, public prosecutors and municipalities. Examples of arrangements to share information using covenants include the Real Estate Intelligence Centre, Financial Expertise Centre and Regional Information and Expertise Centres, outlined in Chapter 4.
- **An integrated approach to combating tax crimes between the tax administration and police (France):** In France, the *Brigade Nationale d'Enquêtes Économiques* ('BNEE') is a unit of around 50 tax inspectors that work within the judicial police forces and assist in criminal investigations, as a liaison with the tax administration. In 2010 the *Brigade Nationale de Répression de la Délinquance Fiscale* ('BNRDF') was established as an agency with specific police and tax skills to combat serious tax offences.

Chapter 4

Models for Enhanced Co-operation

Box 9. Key findings

- Sharing information is a necessary condition for inter-agency co-operation in combating financial crime. In addition, certain countries have gone further and have developed different models for enhanced co-operation, which enable agencies to work together to their mutual benefit.
- These models should not be viewed in isolation, but as forming part of a coherent strategy, which involves agencies moving in the same direction to a common goal. Although there is no limit to the ways in which agencies are capable of working together, and countries should consider new and innovative methods based on their needs and experiences, the report identifies several main models, namely:
 - **Joint investigation teams:** these enable agencies with a common interest to work together in an investigation. In addition to sharing information, this enables an investigation team to draw on a wider range of skills and experience from investigators with different backgrounds and training. Joint investigations may avoid duplication arising from parallel investigations, and increase efficiency by enabling officials from each agency to focus on different aspects of an investigation, depending upon their experience and legal powers. In some cases, gateways for sharing information are wider when agencies are engaged in a joint investigation than they would be in other circumstances. Countries that make use of these strategies include Australia, Austria, Canada, Denmark, Finland, India, Japan, Luxembourg, the Netherlands, Portugal, South Africa, Slovenia, Turkey and the United States.
 - **Inter-agency centres of intelligence:** these are typically established to centralise processes for operational and strategic information gathering and analysis for a number of agencies. They can focus on a specific geographic area or type of criminal activity, or have a wider role in information sharing. These centres conduct analyses based on primary research as well as information obtained from agencies. In some cases they access data through gateways available to participating agencies, while in other cases they have specific information gathering powers. By centralising these activities, officials within a centre gain experience of particular legal and practical issues, and specialised systems can be developed, which can increase their effectiveness. Cost savings may also be achieved, as the expense of collecting, processing and analysing data can be shared between participating agencies. Countries that make use of these strategies include Australia, Finland, India, the Netherlands, Sweden and the United States.

Box 9. Key findings (*cont.*)

- **Secondments and co-location of personnel:** these are an effective way of enabling skills to be transferred while allowing personnel to build contacts with their counterparts in another agency. Seconded officials share their skills, experience and specialist knowledge while participating directly in the work of the host agency. Countries report that arrangements to co-locate and second staff have wider benefits for inter-agency co-operation, by encouraging officials to be more proactive in engaging with counterparts from other agencies and improving the effectiveness of co-operation that does take place. Countries that make use of these strategies include Australia, Belgium, Canada, Finland, France, Ireland, Italy, Japan, Korea, the Netherlands, Norway, Spain, the United Kingdom and the United States.
- **Other models:** other strategies include the use of shared databases, dissemination of strategic intelligence products such as newsletters and intelligence briefs, joint committees to co-ordinate policy in areas of shared responsibility, and inter-agency meetings and training sessions to share information on trends in financial crime, guidance on investigative techniques and best practice in managing cases. Countries that make use of these strategies include Australia, Austria, Canada, the Czech Republic, Finland, India, Ireland, Italy, Japan, Luxembourg, the Netherlands, New Zealand, the Slovak Republic, South Africa, Turkey and the United States.

Sharing information is a necessary condition for inter-agency co-operation in combating financial crime. However, countries need to go further and develop operational models that make the most effective use of gateways. Several countries have done so and have developed models for enhanced co-operation which enable agencies to work together to their mutual benefit. These models should not be viewed in isolation, but as forming part of a coherent strategy, which involves agencies moving in the same direction to a common goal. They go beyond gateways for sharing information by adding mechanisms for co-operative working or sharing practical skills and experience. These models appear to have potential to also generate additional benefits in relation to cross-border inter-agency co-operation, *e.g.* by acting as a one-stop shop.

These models have been broken into four broad groups:

- i) joint investigation teams, which may be structured as a permanent task force or drawn together for the purposes of a specific case;
- ii) inter-agency centres of intelligence, which operate as centralised bodies for pooling information, skills and resources from different agencies;
- iii) secondments and co-location of personnel, which enable officials from different agencies to work together, share skills and develop contacts; and
- iv) other strategies, which include shared databases, inter-agency committees, circulars for sharing strategic intelligence and joint training programmes.

A. Joint investigation teams

Financial crimes are complex. Criminal activity may include a number of connected crimes, or the individuals and organisations involved may be under investigation by different agencies for separate offences. Although legal gateways may be in place to enable agencies to share information, a number of countries have introduced mechanisms to allow agencies to co-operate directly in investigating offences through joint investigations teams. These allow for more direct and immediate sharing of information, and allow teams from different agencies to co-ordinate investigations to make best use of their technical skills and legal powers. Joint investigations can allow officials within different agencies to develop a network of contacts, increasing the level of understanding of each other's work and improving the efficiency of other areas of co-operation. They may also enable cost savings to be achieved by reducing duplication which could arise if several investigations were run in parallel. Countries using joint investigation teams to enhance inter-agency co-operation include **Australia, Austria, Canada, Denmark, Finland, India, Japan, Luxembourg, the Netherlands, Portugal, Slovenia, South Africa, Turkey and the United States**. **The Czech Republic** has plans to introduce such inter-agency teams. Details of the arrangements and experience in a number of these countries are outlined below.

Australia

Project Wickenby is a multi-agency taskforce established in 2006 to protect the integrity of **Australia's** financial and regulatory systems by preventing people promoting or participating in the abusive use of secrecy havens. The Australian tax administration is the lead agency for the overall project, with other participating agencies being the Australian Crime Commission, the Australian Federal Police, the Australian Securities and Investments Commission, the Commonwealth Director of Public Prosecutions, the FIU, the Attorney-General's Department and the Australian Government Solicitor. Special legislation was enacted to enable agencies to share information more widely for the purposes of Project Wickenby investigations than is generally permitted. The taskforce works with both Australian and international bodies to prevent, detect and combat abusive arrangements involving: secrecy havens; international tax evasion; breaches of Australian financial laws and regulations; attempts to defraud the community, including investors and creditors; money laundering; or the concealment of income or assets. By 29 February 2012, 65 people had been charged with offences as a result of Project Wickenby investigations, leading to 22 convictions and additional tax liabilities raised of approximately A\$1.275 billion.

Project Wickenby was the first multi-agency taskforce legislated to enable confidential tax information to be shared for the purposes of the taskforce. These purposes are broader than the general exemptions that allow tax information to be disclosed for the purpose of investigating a serious offence. This broader information sharing approach supported the development of joint strategic intelligence and decision making on the best treatment strategy for particular situations to optimise taskforce outcomes. This integrated joint agency approach has delivered unprecedented results and has been acknowledged by the Australian National Audit Office (ANAO) as setting the "template" for other taskforces in Australia. Subsequently, further taskforces have recently been established using a similar model to Wickenby, to tackle the organised crime threat - these are the National Criminal Intelligence Fusion Centre Taskforce and Criminal Assets Confiscation Taskforce.

In the experience of Australia, the advantages of legislating broader information sharing abilities include:

- a rigorous approval process dictated by Parliament for prescribing taskforces increases public confidence in that it has been established for a proper purpose;
- a taskforce has a shared focus and objective (rather than just working together);
- the fostering of cross-agency knowledge, intelligence sharing and capability development to better assist each other; and
- a whole-of-government approach to tackle risk, which results in efficiencies and better co-ordination and co-operation amongst taskforce agencies.

On the other hand, Australia has also encountered disadvantages from this approach, including:

- the legislation used only focuses on sharing of information from the tax administration to other taskforce agencies but does not consider the information flow from the taskforce agencies to the tax administration. Reliance is placed on current legal gateways to enable this to occur, but sometimes these gateways may be restrictive and hinder the smooth flow of information between taskforce agencies; and
- the establishment of a specialist taskforce may add additional and at times onerous reporting requirements. For example, where oral disclosures are to be captured and recorded for reporting to Parliament.

Austria

In **Austria**, the public prosecutor may authorise joint police and tax investigations into major cases of corruption and social or economic fraud. Joint investigations may also be authorised between police and customs.

Canada

In **Canada**, mechanisms exist for the tax administration and the police to work together in Joint Forces Operations, under two programmes established by the police to combat financial crime: the Integrated Proceeds of Crime initiative, which is responsible for policy development and implementation concerning the recovery of criminal property, including the anti-money laundering regime; and the Commercial Crime Branch, which is responsible for controlling and preventing business-related and white-collar crime, including fraud, offences against the Canadian government, corruption of public officials and counterfeiting. With respect to the Integrated Proceeds of Crime initiative, a Memorandum of Understanding was signed to specifically address the sharing of information between the tax administration and the Royal Canadian Mounted Police. The Canada Revenue Agency's criminal tax investigators are designated supernumerary constables and are embedded in the police unit, with access to police information and databases related to persons under joint investigation. Only once a court order is obtained or charges are laid can tax information be made available to both tax investigators and the police. In other working arrangements, such as Joint Forces Operations, when the assistance of the police is sought on a tax or joint case, legal gateways exist to enable sharing of relevant information between the police and tax investigators.

The Czech Republic

In the **Czech Republic**, there are currently no arrangements for joint working between the tax administration and the police. There are plans for establishing ad hoc joint investigation teams dealing with the individual investigations, together with a permanent joint special unit responsible for the organisation and co-ordination of such inter-agency co-operation. It is expected that joint investigation teams would include, as appropriate, agents from the tax administration, FIU, customs and police and in most (but not all) cases would be led by the police. These plans are currently under the review, and instruments are not yet in place that would allow information to be shared sufficiently freely for an efficient joint investigation. It is hoped that the first joint investigation teams should be established in 2012 or 2013.

Finland

In **Finland**, law enforcement agencies including the police, customs administration and border guard establish joint investigations teams, or taskforces, to combat serious offences. These taskforces may also include tax officials and officers from the Enforcement Agency. Finland is also active in participating in multi-national joint investigations, including 32 joint investigations under the EU Convention on Mutual Legal Assistance.

India

The **Indian** High Level Committee is headed by the Revenue Secretary and includes representatives of the central bank and all tax and major law enforcement and intelligence agencies, including the FIU. The High level Committee co-ordinates investigations under different areas of law and by different agencies into matters concerning the illicit generation of funds within the country and the illegal parking of funds in foreign jurisdictions.

Luxembourg

In **Luxembourg**, the Customs Administration, the Indirect Tax Administration and the Labour and Mines Inspectorate on a regular basis conduct joint investigations into the affairs of taxpayers, in accordance with the rules governing investigations by each participating agency.

The Netherlands

In the **Netherlands**, the National Police Squad and FIOD have two permanent joint investigation teams, both of which work on anti-money laundering cases. Of these two teams, one specialises in drug-related and violent offences, and is led by the National Police Squad. The other team specialises in financial investigations, and is led by FIOD. In addition to these two permanent teams, joint investigations teams may also be established where a case required specific expertise. The Dutch Police and FIOD work together closely in combating financial crime.

Portugal

In **Portugal**, the tax administration and criminal police are able to form joint investigation teams to work on complex investigations involving tax and non-tax offences. Typically, a team will include tax officials dealing with tax issues arising from the analysis of accounting and financial records and documents, and police officers dealing mainly with arrests, searches and phone tapping.

Slovenia

Since 2009, legislation in **Slovenia** has multi-agency teams to be brought together to work on investigations, under the direction of the State Prosecutor's Office. The composition of these teams varies depending on the demands of the case, and can include officials from the tax administration, customs administration, police, and other agencies as required.

South Africa

With the exception of the tax administration, **South African** law enforcement agencies frequently co-operate in investigating financial crimes through joint investigation teams, comprising specialists from each agency. In cases where the tax administration does assign tax officials to joint investigation teams, the official is unable to use any special legislative powers held by virtue of their position as a tax administration employee. More often, where suspected criminal activities include both tax and non-tax offences, the tax administration does co-operate with other agencies, but by running its own parallel investigation and sharing information with the joint investigation team.

Turkey

In **Turkey** the FIU and police are able to form joint investigation teams to work on complex money laundering cases. These teams include financial experts, who conduct analyses of accounts, assets, and financial records, and police officers, who carry out arrests, searches and phone taps with respect to the underlying predicate offence.

B. Inter-agency centres of intelligence

Inter-agency centres of intelligence can be organised in different ways and for a range of purposes. The common theme is that they co-ordinate the sharing of information and, in some cases, practical skills between agencies. Inter-agency centres may be established to focus on operational information or strategic information. Operational information is that which is relevant to specific cases or investigations. Strategic information relates to the assessment of risks and threats, and is not specific to a particular case. In many cases the centres conduct analyses of data gathered directly or obtained from law enforcement agencies. In some cases, this information is obtained from agencies under legal gateways, while in others the centre itself has information gathering powers. As these centres provide benefits to a range of participating agencies, they can be a cost effective way of obtaining intelligence and analyses, with each agency gaining access to a wider range of experts than it would typically employ. By centralising the function of gathering and analysing data, inter-agency centres of intelligence can improve the effectiveness of existing gateways for providing information as officials within the centres gain experience in the legal and practical aspects of information sharing and develop contacts within other agencies. Inter-agency centres of intelligence may be established as a unit of an existing agency, or as a standalone body.

Six countries reported that they have established inter-agency centres for analysing information and co-ordinating the work of different teams. These comprise those set out below.

Australia	(a)	The Australian Crime Commission
Finland	(b)	The Grey Economy Information Unit
	(c)	PCB Crime Intelligence and Analysis
India	(d)	The Central Economic Intelligence Bureau
The Netherlands	(e)	The Financial Expertise Centre
	(f)	Real Estate Intelligence Centre
	(g)	Regional Information and Expertise Centres
Sweden	(h)	National and Regional Intelligence Centres
The United States	(i)	The Organised Crime Drug Enforcement Task Force Fusion Centre
	(j)	Suspicious Activity Report Review Teams
	(k)	High Intensity Financial Crime Areas

The remainder of the section briefly summarises the key features of each of these centres.

Australia

(a) The Australian Crime Commission

The Australian Crime Commission ('ACC') was established to combat serious and organised crime and is Australia's national criminal intelligence agency. The ACC is governed by an inter-agency board, comprising members from the tax administration, federal police, state and territory police, the Customs and Border Protection Service, the Australian Securities and Investment Commission, the Australian Security Intelligence Organisation and the Attorney-General's department. The ACC has coercive powers to enable it to source information that may be unavailable through traditional methods, and also maintains the national criminal intelligence database.

Finland

(b) The Grey Economy Information Unit

The Grey Economy Information Unit ('GEIU') is a division of the Finnish tax administration specifically established to work closely with other government agencies. The GEIU was established in 2011 to promote the fight against the grey economy by producing and disseminating reports about grey economy activities and how they may be controlled. In preparing these reports, the GEIU has the right to receive, on request, necessary information held by other authorities even where that information would not normally be available to the tax administration due to secrecy provisions. For these purposes the grey economy is defined as any activities that result in the failure to meet legal obligations for payment of taxes, statutory pension, accident or unemployment insurances, or customs fees, or to obtain unjust repayment.

Another of the GEIU's key roles is the preparation of compliance reports at the request of another government agency. Compliance reports may be prepared with respect to any organisation, and include details concerning individuals and organisations directly or indirectly linked to such an organisation. Compliance reports may include details of business activities of individuals and organisations covered, their financial position and history and details of whether they have complied with legal obligations concerning tax and other payments, as well as other information necessary for the intended purpose of the report. Compliance reports may be requested for a number of purposes, including (among others): the levying and collection of taxes, and the enforcement of tax controls, by Customs; the prevention or investigation of an offence punishable by imprisonment of at least 12 months, by police, Customs or the Border Guard; the prevention or investigation of money laundering or terrorism; the monitoring of compliance with pensions law and collection of insurance premiums; and the determination of a forfeiture of criminal property. At the time a compliance report is requested, the requesting agency must inform the GEIU of the purpose of the report. In compiling a compliance report, the GEIU has access to all information from outside sources that would be available to the agency that requested the report, even where this would not normally be available to the tax administration. Where the information required for inclusion in the compliance report is held by an agency for the purpose of a pre-trial investigation, the GEIU must obtain specific consent from the agency holding the information in order for it to be used.

(c) PCB Crime Intelligence and Analysis

The Police, Customs and Border Guard ('PCB') Crime Intelligence and Analysis Unit is a joint venture between the three agencies. It has a National Intelligence and Analysis Centre, which is based in the Police National Bureau of Investigation headquarters, together with regional teams operating in each province. The purpose of PCB Crime Intelligence and Analysis is to promote joint operations between the three agencies, and to develop consistent policies to ensure that each agency conducts its own duties to prevent, detect and investigate offences effectively and efficiently. PCB Criminal Intelligence and Analysis is also responsible for maintaining status reports on serious crimes, including financial crimes.

India

(d) The Central Economic Intelligence Bureau

The Central Economic Intelligence Bureau ('CEIB') sits under the Ministry of Finance. The CEIB is responsible for the co-ordination of intelligence sharing and investigations amongst various law enforcement agencies, at both national and regional level. At national level, this is achieved through the Group on Economic Intelligence ('GEI'), and meetings of the heads of investigating agencies which are chaired by the Department of Revenue. At regional level the CEIB operates through Regional Economic Intelligent Councils ('REICs').

The GEI is primarily responsible for facilitating the exchange of strategic information on a real time basis between intelligence and investigative agencies, and regulators. Major issues on which the GEI focuses include the circulation and smuggling of counterfeit currency; tax evasion, illicit drug trafficking, terrorism and organised crime. Besides sharing intelligence, the GEI also takes up important issues relating to economic offences for detailed examination. The GEI, in co-ordination with other agencies, is putting in place a mechanism to control the illicit cultivation of opium poppy by using satellite imagery.

REICs are regional agencies under the supervision of the CEIB, established to co-ordinate work amongst various enforcement and investigative agencies dealing with economic offences at regional level. There are 22 REICs functioning in different parts of the country. The REICs are headed by the Director General (Investigation) Income-Tax and the Chief Commissioners of Customs & Central Excise. All investigative and intelligence agencies including the Central and State Revenue Departments and the Economic Intelligence Wing of State Police are represented. The REICs are mandated to meet once every two months. Information is exchanged either directly between the member agencies or through the REIC forum. The REICs also undertake joint co-ordinated action on specific issues which are likely to have significant ramifications. Member agencies may also make specific requests to share information and documentation.

The Netherlands

(e) The Financial Expertise Centre

The Dutch Financial Expertise Centre is a joint project between supervisory, investigation, intelligence and prosecution authorities involved in regulating or monitoring activity in the financial sector. The mission of the Centre is to enhance effectiveness in maintaining the integrity of the financial sector through inter-agency co-operation. This entails sharing information and increasing awareness of structural investigations or research projects and building the knowledge and expertise needed to safeguard the integrity of the financial sector.

(f) Real Estate Intelligence Centre

In order to combat real estate fraud in the Netherlands, the Dutch public prosecution service, the tax administration, FIOD (the criminal investigations division of the tax administration) and the police work together in a collaborative approach through the Real Estate Intelligence Centre.

(g) Regional Information and Expertise Centres

In the Netherlands, Regional Information and Expertise Centres serve as information points to provide specialist advice to municipalities and local authorities. They foster co-operation between local and provincial authorities, the public prosecution service, regional police and the tax administration in dealing with individuals and organisations that commit offences and regulatory breaches that have a particular impact at regional levels.

Sweden*(h) National and Regional Intelligence Centres*

National and Regional Intelligence Centres were established in Sweden in 2009, as part of an inter-agency strategy to address serious organised crime, including financial crime.

The National Intelligence Centre ('NIC') includes representatives of the Police, the Economic Crimes Bureau, the Prison and Probation Service, the Enforcement Agency, the Coast Guard, the tax administration, the Social Security Service and Customs. The NIC has a strategic function for intelligence analysis and an operational function for intelligence co-ordination. One of the NIC's main tasks is to compile a common threat assessment, which is used as the basis for strategic decision making by the participating agencies. The NIC identifies and maintains databases of indicators of organised crime, and of factors that facilitate organised crime, to be used in preventing and detecting offences. The NIC also co-ordinates flows of information between the Regional Intelligence Centres ('RICs').

The eight RICs are located at the headquarters of the local police authority and are responsible for conducting intelligence work in their respective region. The composition of RICs varies, but typically they comprise officers from all collaborating agencies, as well as from the Immigration Service. Officers assigned to a RIC generally work together for three days a week, with the remaining time spent working within their own agency. Each agency must provide their agents with technology to allow them to access agency information directly from the RIC's office.

The United States*(i) The Organised Crime Drug Enforcement Task Force Fusion Centre*

The Organised Crime Drug Enforcement Task Force Fusion Centre ('OFC') was established in 2006 by the United States Department of Justice, Homeland Security and the Department of Treasury. The OFC develops and utilises technologies to provide inter-agency co-operation and analysis of law enforcement and intelligence data that has previously been impossible due to organisational and technical boundaries. The OFC collects, stores and analyzes information to support co-ordinated investigations focused on the disruption and dismantlement of significant drug trafficking and money laundering enterprises. All member agencies, which comprise IRS Criminal Investigations, the Drug Enforcement Administration, the Federal Bureau of Investigation, US Coast Guard, the Bureau of Alcohol, Tobacco, Firearms and Explosives and the US Marshals Service, as well as the National Drugs Intelligence Centre and the Financial Crimes Enforcement Network (the United States' FIU), are committed to sharing their law enforcement data through the OFC. IRS Criminal Investigation's involvement at the OFC is centred on money laundering activities, and it does not provide tax information.

The OFC utilizes human analysis enhanced by sophisticated link analysis tools to conduct comprehensive analysis of the available information, produce investigative leads for investigators in the field, and support the co-ordination of multi-agency, multi-jurisdictional investigations targeting the most significant drug trafficking organisations threatening the United States. In addition, the system offers a means to identify the most effective and efficient use of limited federal drug investigative and

intelligence resources, both foreign and domestic, against these organisations. IRS Criminal Investigations is a principal member of the OFC and contributes resources and information for the purpose of producing analytical products, investigative leads, target profiles, strategic reports and field query reports. IRS Criminal Investigations has appointed one senior staff member to act as Section Director and two supervisory special agents to staff co-ordinator positions in the OFC's Financial Section. Currently the Fusion Centre currently has 75-100 personnel from all participating agencies.

(j) Suspicious Activity Report Review Teams

Suspicious Activity Report Review Teams ('SAR Review Teams') consist of US law enforcement agencies from the federal, state and local levels and operate in 80 of the 94 federal judicial districts in the United States. The Chairperson of the SAR Review Team is usually an Assistant United States Attorney, with the IRS Criminal Investigations playing a leading role. The primary purpose of a SAR Review Team is to systematically review all SARs (or Suspicious Transaction Reports) that affect a specific geographic jurisdiction, identify individuals who may be engaged in criminal activities, and co-ordinate and disseminate leads to appropriate agencies for follow-up. The composition of these teams, while varying by location, generally include the US Attorney's Office, IRS Criminal Investigations, the Federal Bureau of Investigation, the Drug Enforcement Administration, the Bureau of Immigration and Customs Enforcement; the Bureau of Alcohol, Tobacco, Firearms, and Explosives, the US Secret Service, and state and local law police. A small number of SAR Review Teams also include an official from the FIU.

(k) High Intensity Financial Crime Areas

In the United States, High Intensity Financial Crime Areas ('HIFCA') were first announced in 1999 as a means of concentrating law enforcement efforts at the federal, state and local levels in high intensity money laundering zones. In order to implement this goal, a money-laundering action team was created or identified within each HIFCA to spearhead a co-ordinated inter-agency anti-money laundering effort. Each action team is composed of all relevant federal, state, and local enforcement authorities, prosecutors, and financial regulators. There are currently seven HIFCAs, including Northern California, Southern California, the Southwest Border, Chicago, New York, South Florida and Puerto Rico. The use of HIFCA, and also SAR Review Teams referred to above, have enhanced co-operation between agencies and, by pooling resources, have reduced the time spent on investigations.

C. Secondments of personnel between agencies

In a number of countries, agencies make use of secondments and the co-location of personnel as mechanisms to improve co-working between agencies. These strategies enhance the effectiveness of other forms of inter-agency co-operation, by improving the ability of agencies to recognise opportunities for co-operation, and to increase the speed and efficiency of information sharing. By enabling officials to work in close proximity to one another, these strategies also promote the sharing of skills, and allow personal contacts to be made which often help to build further co-operation in the future. Several countries have reported arrangements for secondments of officials to the Financial Intelligence Unit, the police and the public prosecutor's office. These arrangements are briefly discussed below.

Secondments to the Financial Intelligence Unit

In **Korea**, a number of agencies have seconded a number of officials to the FIU. These secondees are responsible for leading the analysis of Suspicious Transaction Reports relating to their area of specialism, and identifying those which should be investigated by law enforcement agencies. In 2012 these comprised nine secondees from the public prosecutor's office, eight from the police, seven from the tax administration, seven from the customs administration, one from the Financial Supervisory Service and one from the Bank of Korea. For the period of their secondment to the FIU, these officials cannot directly access information held by their own agency, but must access information through the usual FIU gateway. The **Spanish** tax administration has also seconded six of its officers to the FIU, to assist in analysing Suspicious Transaction Reports. As in Korea, seconded officials in Spain may share their skills and experience, but are not able to access tax information which, if required, must be obtained through normal channels using the FIU's dedicated point of contact within the tax administration. The **Netherlands** tax administration has seconded a number of its officials to work as liaisons in the FIU. These staff work alongside FIU personnel in analysing Unusual Transaction Reports, but have direct access to tax administration databases to support them in this. In **Greece**, personnel are seconded to the FIU from each of the agencies represented on the FIU's Board. These trained and experienced specialists work in analysing Suspicious Transaction Reports, with access to their respective agencies' databases. The **Portuguese** tax and customs administration has personnel assigned to a liaison group located within the FIU. In the **United States**, all large federal agencies, including the tax administration, have officials posted to the FIU, to act as liaisons in facilitating the sharing of information, typologies and trends. The **United Kingdom** tax administration has a small team embedded in the FIU since the mid-1990s, in order to fully exploit Suspicious Transaction Report data in the execution of its tax administration, law enforcement and other functions. In **Belgium**, three officials from the police work as liaisons within the FIU. In **Finland**, the Asset Recovery Office is located within the FIU. The Asset Recovery Office is mainly staffed by personnel from the Finnish police, but also includes one official from the tax administration and one from the Enforcement Authority. In addition, 17 multi-agency regional groups have been established across Finland to trace the proceeds of crime, comprising 38 officials from the police, 20 from the tax administration and 19 officials from the Enforcement Agency.

Secondments to the police

The **Canadian** tax administration has four investigators working directly with the police force out of police offices across Canada. Canada reports that this has resulted in a noticeable improvement in the effectiveness of information sharing between the two agencies when conducting Joint Forces Operations. In **France**, tax administration officials posted to work within the BNNE have direct access to tax administration databases, and facilitate wider sharing of information relevant to criminal investigations. In **Norway**, a number of tax auditors from the tax administration are embedded within the police to assist in tax criminal investigations. In the **Netherlands**, FIOD, the criminal investigations division of the Netherlands Tax and Customs Administration, has investigators working within the Dutch police. In **Belgium**, tax administration officials may be assigned to work with the federal police, typically within the Central Office for the Prevention of Organised Economic and Financial Crime (OCDEFO), which is part of the General Directorate of Judicial Police. These tax officials are also qualified police officers, and are assigned to investigations including complex tax issues. The **Irish** tax

administration has a specialist unit to manage interactions with the Criminal Assets Bureau, which is part of the Irish police force. In addition, Irish tax officials are seconded to the Criminal Assets Bureau, to ensure an effective multi-agency approach to recovering criminal property. In **Portugal**, secondments and co-location of personnel may be used as a method of facilitating joint investigations, for example through tax administration officials who are located within the offices of the criminal police or public prosecutor. **The United Kingdom** tax administration has tax crime investigation staff seconded to the criminal and civil asset recovery teams at Serious Organised Crime Agency. These staff can use tax information and tax powers to assist the Agency in tackling serious organised crime.

Secondments to the public prosecutor's office

In **Italy**, the *Guardia di Finanza* has personnel seconded to a number of agencies, including the public prosecutor's office. This has led to two particular noticeable improvements. Firstly, the close working relationship between officials enables fast and effective sharing of information between agencies. Secondly, seconded *Guardia di Finanza* personnel are able to apply their specialist knowledge of tax and crimes, and a 'police approach' to cases, to add significant value to the work performed by prosecutors. Since 2009 the Bank of Italy has also had a specialist team of experts permanently posted to the public prosecutor's office in Milan, to support investigations into financial and economic crimes. In **Belgium**, officials from the tax administration are made available to assist the public prosecutor in cases which have a tax component. Tax officials assisting the public prosecutor have the status of Judicial Police Officer. Where an investigation concerns possible tax evasion, these officials may be instructed to provide an analysis of the case file before the prosecutor decides whether to undertake a criminal investigation.

D. Other strategies

Countries have reported a number of further models for enhanced co-operation, including shared databases, intelligence briefs, inter-agency training sessions and joint committees, which are discussed below. These innovative approaches often supplement other models for sharing information or enhanced co-operation.

In **India**, the National Economic Intelligence Network ('NEIN') was established by the Central Economic Intelligence Bureau in 2007 as a database of economic offenders. Cases under consideration by all major tax, police, law enforcement and intelligence agencies are fed into the database, which serves as a single entity storehouse. Reports generated from the database are shared with interested agencies and are used by the FIU for cross-checking with their own intelligence. The NEIN database is also used for carrying out risk assessments.

The Strategic Intelligence Section is part of the **Canadian** tax administration's Enforcement area and on a regular basis it receives information and strategic intelligence products from other agencies, including the FIU, the police, Canada Border Services and the Criminal Intelligence Service of Canada. These products include intelligence briefs, newsletters and assessments, but do not contain tactical or case specific information. Regular face to face meetings to discuss strategic topics are also held between the Strategic Intelligence Section and other agencies.

In **Austria**, regular meetings and training sessions are held including officers from different agencies. This enables staff to develop and maintain personal contacts and have proved effective in improving the efficiency of joint working and information sharing. Inter-agency meetings to share strategic information relating to trends in financial crime, guidance on investigative techniques and best practice in managing cases, as well as cross-agency training sessions and conferences are also used in **the Czech Republic, Luxembourg, the Netherlands, New Zealand and the Slovak Republic**. In **New Zealand**, these practices have produced synergistic benefits for all participating agencies. From the perspective of the tax administration, these benefits are difficult to measure, but have improved the agency's knowledge base which, in the long run, is likely to have indirect positive effects on tax revenue and prosecutions. In **the Czech Republic**, senior officials from the tax administration and FIU regularly meet to discuss trends in financial crime and the effectiveness of models for co-operation.

In **Italy**, the Italian Revenue Agency and the *Guardia di Finanza* have formed a number of working groups to share information about tax evasion and criminal tax schemes, the persons involved, and methods of audit and investigation. These working groups develop common programmes for combating tax evasion and tax crimes and maximise the benefits from synergies between them. In **the United States**, the tax administration's criminal investigations division may share information on trends and typologies with other agencies but, outside of joint investigations, may not share any data that contains taxpayer information.

In **South Africa**, mechanisms for joint working include inter-agency committees under the control of several government departments or ministries. These include the Multi-Agency Work Group, which seeks to improve compliance and identify systemic solutions to failures within the financial and procurement system, and the Anti-Corruption Task Team, which deals with prominent corruption cases. The **Luxembourg Comité de Prévention de la Corruption** was established in 2007 as an inter-agency committee to raise awareness within the public and private sectors of issues related to corruption, and to share related information. The Committee takes preventative actions and advises the Government as to specific measures to be adopted in the field of corruption. A similar inter-agency committee was established in 2009 with respect to the prevention of money laundering and terrorist financing (the *Comité de Prévention du Blanchiment et du Financement du Terrorisme*).

The **Irish** Money Laundering Steering Committee oversees the issuance of detailed guidance to ensure consistent implementation of anti-money laundering legislation. The Committee includes representatives of the Department of Finance, Department of Justice, the police, the Central Bank, the Attorney-General's Office and the tax administration, as well as representatives of the private sector and designated bodies. The Irish FIU and tax administration work closely together in co-ordinating investigations involving both tax and money laundering offences, and each attend feedback for a between the other agency and institutions that are required to submit Suspicious Transaction Reports under anti-money laundering legislation. This ensures that the agencies display a united front and consistent message in their dealings with the private sector.

In **Turkey**, the Co-ordination Board for Combating Financial Crimes was established in order to evaluate the draft laws on prevention of laundering proceeds of crime and the draft regulations which will be issued by Council of Ministers, and to co-ordinate relevant

institutions and organisations regarding implementation. The Co-ordination Board is chaired by the Undersecretary of the Ministry of Finance and includes the Presidents and senior officials from agencies and bodies including the Financial Crimes Investigation Board, the Finance Inspection Board, the Tax Inspection Board, the Revenue Administration, the Ministry of the Interior, the Ministry of Justice, the Ministry of Foreign Affairs, the Board of Treasury Comptrollers, the Treasury, Customs, the Banking Regulation and Supervision Agency, the Capital Markets Board and the Central Bank.

In **Japan**, public prosecutors and civil tax investigators from the tax administration hold joint seminars on real cases to discuss problems and areas of possible improvement in their examinations and investigations. These seminars are a good opportunity for public prosecutors who do not have much experience in investigating tax crimes to discuss issues with colleagues from the tax administration. They are also valuable to officials from the tax administration in helping them to understand the perspective of public prosecutors in conducting investigations.

Effective Inter-Agency Co-operation in Fighting Tax Crimes and Other Financial Crimes

Financial crimes are increasingly growing in sophistication. Criminals accumulate significant sums through offences including drug trafficking, fraud, extortion, corruption and tax evasion. Different government agencies may be involved in detecting, investigating and prosecuting these offences and recovering the proceeds of crime. This report describes the current position in 32 countries with respect to the law and practice of domestic inter-agency co-operation in fighting tax crimes and other financial crimes. It outlines the roles of agencies in different countries, existing legal gateways to enable these agencies to share information and other models for inter-agency co-operation. The report identifies a number of successful practices based on countries' experiences, and makes recommendations on ways to improve inter-agency co-operation.

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