



Finance police authority Of State Revenue Service



Tasks of Finance Police Authority

to disclose and to obviate criminal offences in
the field of state revenue and within
operations of SRS officials and employees



Priorities of Finance Police Authority

- combat against legalisation of illegally gained funds
- combat against tax fraud
- combat against tax evasion if it involves organized crime activities and/or corruption on the state revenue level



Impact of organised crime

Organised crime has a substantial impact on revenue of national budget and on business environment in general





Influence of Finance Police Authority on organised crime

In 2010 operation of 12 criminal groups has been disclosed and stopped

435 companies were involved in operation of these criminal groups

In order to disclose this, **154** searches were accomplished

29 people were declared as suspects within criminal groups



Influence of Finance Police Authority on organised crime

As a result of disclosed and discontinued operation of 13 criminal groups in 2009:

- Funds in amount of **LVL 1 299 088,96** and **EUR 200 978,08** were stopped and arrested in disbursement accounts
- **LVL 18 250** have been declared as illegally gained by court judgement and remitted into the national budget



Influence of Finance Police Authority on organised crime

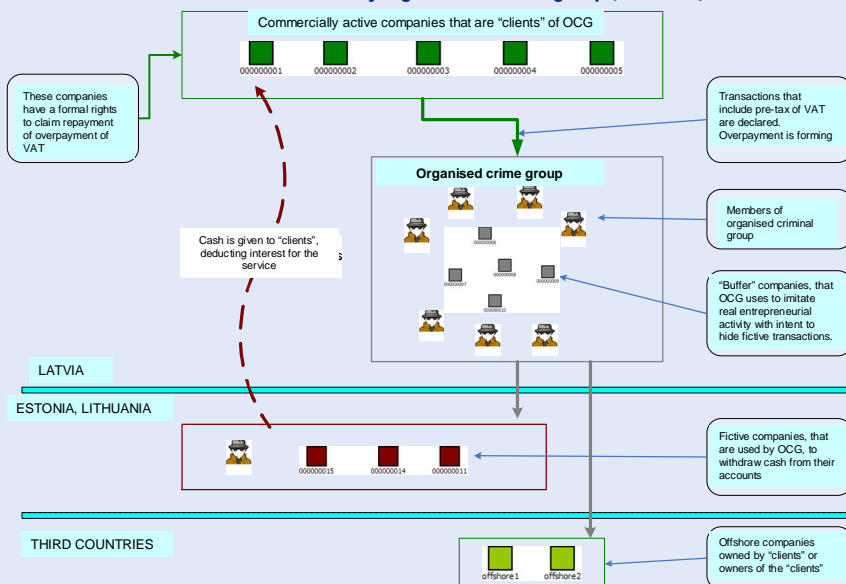
In 2010 the following criminal procedures were sent for initiation of prosecution:

- tax evasion – 58
- legalisation of illegally gained funds – 22
- fraud - 21

(losses for national budget in total **Ls 20935918**)



VAT fraud scheme created by organised criminal group (cash flow)





Crime trends in state revenue field

Organisers of schemes are becoming more educated and more careful, they are seriously competent in financial and legal matters;

The selection and preparation of functionaries of "fictive" companies is becoming more elaborate, to ensure that officials of law enforcement institutions would not raise suspicion of illegal operations of these companies because of actions of functionaries;

Complicated cash flow schemes are created, using not only credit institutions of Latvia, but also those of EU, CIS and other countries;

The risk of corruption increases as salaries in State Revenue Service are cut down.



Objectives of Finance Police Authority

To make disclosure and cessation of offences of organised crime more effective

To reduce the influence of organised crime on state revenue (decreasing "shady economy")

To provide targeted and effective resource management (effective use of resources of pre-trial investigation)



Sphere of activity of Finance Police Authority

Fulmination against actual beneficiaries ("clients") that are using "money laundering" schemes created by organised criminal groups

Stimulation of collaboration with tax administration for exchange of that information, which is essential for realization of tax control efforts

Corruption control amid those SRS officials that are working with combat of excise goods contraband and value added tax fraud

Legislation development to accomplish set objectives



Law of electronic communication - chapter 71, article 7

To edit chapter 71, article 7 as follows:

(7) Electronic communication companies have got rights to process data of location without permission of user or subscriber, if processing of data of location is required by State Fire and Rescue Service of Latvia, State Police, Finance Police Authority of State Revenue Service and Customs Criminal Board, Emergency Medicine and Gas Accident Service, Sea Search and Rescue Service or "112" Service as well as Electronic Communication Governing Body to exercise their responsibilities or to hand over this data to the abovementioned services.

Code of Administrative Violations of Republic of Latvia

To envisage administrative responsibility for consent to become a functionary of a company, without an intent to be commercially active and to inflict a punishment for doing this - forfeiture of rights to do any kind of commercial activity.



Necessary modifications in laws and regulations

Criminal Law, chapter 218¹.

To supplement chapter 218¹. as follows:

Chapter 218¹. Relief of criminal liability of the person who has been evading taxation

(1) Person that has been evading taxation or paying equal payments for hiding or lessening income, profit or other taxable objects, and if that has caused losses to the state or local authority, can be given relief of criminal liability, if this person of one's own free will discharges the debt to the state or local authority as well as fines and default interest.

Criminal Law, chapter 14.

To supplement chapter 14., with article 6 as follows:

Criminal procedure that gives opportunity to regain losses incurred to the state, ensuring reasonable time has got privilege comparing to other similar criminal procedures, which do not give opportunity to regain losses incurred to the state.



Necessary modifications in laws and regulations

Criminal Procedure Law, paragraph 387.

To edit chapter 387, article 3 as follows:

(3) Persons authorised by Finance Police investigate criminal offences in the field of state revenue and criminal offences in state institution service, if these offences involve corruption of employees or officials of State Revenue Service

Legalisation Of Illegally Gained Funds And Financing Of Terrorism Prevention Law, chapter 55

To edit chapter 55 as follows:

Control service gives information to pre-trial investigation institutions, prosecutor's office, court or tax administration, if this information causes well-grounded suspicion, that respective person has committed criminal offence, and also has performed legalisation of illegally gained funds, financing of terrorism or has tried to do so, or has caused losses to the state budget.



Necessary modifications in laws and regulations

Code of Administrative Offences of Republic of Latvia

To supplement the code with article twelve "d" as follows:

Chapter 166.35. Failing to submit the application of insolvency procedure.

For debtor failing to submit the application of insolvency procedure in cases provided in law – a penalty is imposed ranging from two hundred to five hundred Latvian Lats.

Chapter 166.36. Breach of rules of insolvency procedure

For breach of rules of insolvency procedure, if it has been done by creditor or other interested person, - to physical person a penalty is imposed ranging from fifty to five hundred Latvian Lats, but to legal entities – a penalty ranging from five hundred up to two thousand Latvian Lats.

Chapter 214 of Criminal Law

To state the title as follows:

Chapter 214 Submitting of mendacious insolvency procedure application

To delete the first part



Necessary modifications in laws and regulations

Regulations issued by the Cabinet of Ministers Nr.1666 "The procedure how personal income tax has to be imposed on benefit that has been gained using employers car for personal needs" clause 3

To supplement clause 3, expressing sub-clause 3.1. as follows:

3.1. operative means of transport and means of transport used by officials subject to operative action.



SRS budget

Budget expenses	Year 2008, LVL	Year 2009, LVL	Year 2010, LVL	Changes in 2010 compared with 2008, %
Total budget (including salaries)	83 694 928	53 680 243	50 925 484	- 39,2%
Inter alia:				
Maintenance and development total	33 146 128	18 360 444	18 324 407	- 44,7%
Salaries	36 526 433	27 105 340	25 345 136	- 31,0%
Average monthly salary per 1 employee (gross)	595	477	469	-21%



Thank you for your attention!