

J-5 STEP UP ANTI-MONEY LAUNDERING IN 2020, SIGHTS SET ON CENTRAL AMERICA

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Tax Evasion

Tax authorities that are tasked with tracking down tax evaders and their enablers take their jobs seriously. When success against tax evaders is encountered, two benefits are obtained. First, the tax evader is caught, punished, and taxes and penalties are collected. Second, a message is delivered to tax cheat “wannabes” that tax crime does not pay. That message is emphasized by the issuance of coordinated news releases praising coordinated investigatory action in several countries that is carried out on the same day.

The Joint Chiefs of Global Tax Enforcement, known as the J-5, is a coordinated team of crime-fighting tax authorities from the U.K., the U.S., Canada, Australia, and the Netherlands. Formed in 2018, the mandate of the J-5 is to stop the facilitation of offshore tax evasion and money laundering. The J-5 uses the skills of experts in tax, crypto currencies, and cyber security to identify and attack financial institutions that facilitate concealment of wealth in ways that are designed to promote tax evasion.

For the J-5, January 22 was a day coordinated day of action. It focused on a Central American financial institution believed to be involved in money laundering and tax evasion on a global basis by its customers. Information originated from the Netherlands was subsequently shared with other J-5 countries. Ultimately, the day of coordinated action arrived, evidence was gathered, interviews were conducted, subpoenas were served, and at least one person was arrested. One member of the J-5 reported that significant information was obtained as a result of the coordinated efforts. The group expects criminal, civil, and regulatory action to follow in each country.

With the success of the coordinated action, press releases were issued on a global basis by J-5 officials.

- Will Day, Australian Tax Office (“A.T.O.”) Deputy Commissioner commented that never before have criminals been at such risk of being detected as they are now. With increased collaboration, data analytics, and intelligence sharing, there is no place worldwide in which a person can hide money to avoid tax payment obligations.
- Mr. Day’s comments were echoed by Don Fort, Chief of the I.R.S. Criminal Investigation division, who advised that tax cheats across the world should be on notice that their days of noncompliance are over. He pointed out that J-5 countries all have the same goal, which is to broaden their reach in order to speed up investigations. Coordinated effort will have an exponentially larger impact on global tax administration.
- Simon York, Chief and Director of H.M.R.C.’s Fraud Investigation Service observed that tax evasion is a global problem that needs the global response that is provided by the J-5.

- Eric Feron of C.R.A. expressed his pleasure with the role played by the C.R.A. in the J-5. According to Mr. Feron, the day of action showed that through combined efforts, J-5 is making it increasingly difficult for taxpayers to hide their money and avoid paying their fair share of tax.

It may be expected that at least one more coordinated effort will occur and be reported early in the month of April, when U.S. individuals are required to file tax returns. Compliance is enhanced when fear of coordinated activity is spread.



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