HM Revenue & Customs

Fraud Investigation Service
FIS Organised Crime
S1751
NEWCASTLE
NE98 1ZZ

Phone
09:00 - 17:00

Web www.gov.uk

Date
VAT number
Case Ref

Dear ,

Re:

I am writing to update you on the verification of your VAT returns for the periods

HMRC have been making enquiries into transaction chains which may be linked to Missing Trader Intra Community VAT Supply Chain Fraud (MTIC VSCF). As a result of our enquiries in respect of your VAT return, we now know that of the transactions (where the whole chain has been established) commenced with a defaulting trader, **resulting in a loss to the public revenue that exceeds**

Your purchase invoices which have been traced in transaction chains commencing with a VAT loss are listed below:

Supplier	Inv No	Inv Date	Net (£)	VAT (£)	Gross (£)

[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
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[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
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[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
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[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
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[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

Checks are still ongoing into the remaining transactions undertaken in the aforementioned periods with a view to gathering further supporting documentary evidence.

This brings the total losses notified to you since [redacted]

You should be aware that both the European Court of Justice and the UK Court of Appeal have ruled that recovery of VAT input tax should be denied where transactions are connected with the fraudulent evasion of VAT and the person claiming input tax either knew or should have known of the connection with the fraud (also known as the 'Kittel principle' court reference C-439/04 and C-440/04).

Section 42 of the Taxation (Cross Border Trade) Act 2018 specifically preserves the effect of principles of EU law preventing the abuse of the VAT system following the United Kingdom's exit from the European Union.

The fact that this notification of tax loss letter has been issued to you does not limit HMRC's right to deny input tax in respect of these transactions under the Kittel principle. If HMRC denies you your right to recover input tax under the Kittel principle you will also be liable to a penalty under s69C of the VAT Act 1994. This penalty can be applied to company officers.

You should satisfy yourself that you have undertaken sufficient due diligence commensurate with the perceived risk to satisfy yourself as to the integrity of your suppliers and customers, and of the underlying supply chains.

It is your responsibility to determine which checks to carry out and whether to undertake transactions in light of the results of those checks. Examples of checks that you may wish to consider are listed in our notice 'How to Spot Missing Trader VAT Fraud' which can be found on the GOV.UK website here:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/703457/Missing_trader_fraud.pdf

You should also be aware that on 30th September 2017 the offences of 'Corporate Failure to Prevent the Criminal Facilitation of Tax Evasion' came into force as part of the Criminal Finances Act 2017. Companies which fail to prevent representatives acting on their behalf from criminally facilitating tax evasion can be prosecuted and if found guilty may be subject to an unlimited fine. More information about this offence and suggested prevention procedures can be found in 'Tackling tax evasion: Government guidance for the corporate offences of failure to prevent the criminal facilitation of tax evasion' which can be found at:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/672231/Tackling-tax-evasion-corporate-offences.pdf.

For the avoidance of doubt, I should finally tell you that this letter is without prejudice to any enquiries HMRC may be making on any other transactions which you have already been involved in and which may be in a chain of transactions where VAT has gone unpaid.

If you wish to discuss this letter or have any further enquiries, please do not hesitate in contacting me.

Using references and sending us documentation
If you send us any original documents or records, you must tell us that they are originals. You must also tell us, in writing, if you agree that we can securely destroy any documents or records you send us. We securely destroy documents and records 50 working days after we have digitally scanned them. This applies to copies of documents or records as well as originals. If you do not tell us that you agree, we will return everything to you.

If you tell us that you agree, you have the right to change your mind. If you do, you must tell us this in writing within 40 working days of the date that you sent us those documents or records.

Our standard policy is to destroy any memory sticks or other removable digital media you send us. We strongly recommend that you encrypt the data you send us, to make it more secure. Whichever method you choose to contact us, you need to quote the case reference CFS-1985412.

Please note that our new address is Fraud Investigation Service, FIS Organised Crime, S1751, NEWCASTLE, NE98 1ZZ. If you write to us but do not use this address then we may not get your post.

Yours faithfully

[redacted]
Officer of HM Revenue & Customs

[redacted]

If Coronavirus (COVID-19) is affecting you or your business, you can find information online about the support that's available. Go to www.gov.uk and search for 'Coronavirus guidance and support'.

To find out what service and standard of behaviour you can expect from us, go to www.gov.uk and search for 'HMRC Charter'.