

## OECD urges tax jurisdictions to take action against tax fraud enabling professionals

By TIOL News Service

PARIS, FEB 25, 2021: THE OECD

Latest Report has urged tax jurisdictions to take action against professionals who enable tax evasion and other financial crimes.

**The Report, Ending the Shell Game: Cracking down on the Professionals who enable Tax and White Collar Crimes**

explores the different strategies and actions that countries can take against those professional service providers who play a crucial part in the planning and pursuit of criminal activity, referred to in the report as **"professional enablers."**

White collar crimes like tax evasion, bribery and corruption are often hidden through complex legal structures and financial transactions facilitated by lawyers, notaries, accountants, financial institutions and other professional enablers.

The report notes that the majority of professional service providers are law-abiding, and play an important role in assisting businesses and individuals understand and comply with the law. The aim of the new OECD report is to assist countries in dealing with the small subset that use their specialised skills and knowledge to enable clients to defraud the government and evade their tax obligations.

Professional enablers often

play a critical role in the concealment of the commission of tax and other financial crimes perpetrated by their clients. Those who facilitate the concealment of such crimes undermine the rule of law and public confidence in the legal and financial system, as well as the level playing field between compliant and non-compliant taxpayers. Highly publicised recent tax scandals have highlighted the cross-border nature of these practices, further undermining public trust in the integrity of the tax system.

**"Professional enablers often hold the key to the successful commission of white collar crimes like tax evasion, bribery and corruption, which depend on ensuring anonymity and hiding the financial trail,"**

said Grace-Perez Navarro, Deputy Director of the OECD's Centre of Tax Policy and Administration.

**"Professional enablers help criminals conceal their identities and activities through shell companies, complex legal structures and financial transactions, relying on their specialised knowledge and veneer of legitimacy. Our ongoing work is intended to help countries develop and strengthen national strategies and international co-operation to crack down on the so-called professionals, whose actions are undermining government revenue, public confidence and economic growth."**

The report calls on countries to establish or strengthen national strategies to deal with professional enablers more effectively. Such strategies should:

- ensure that tax crime investigators are equipped to identify the types of professional enablers operating in their jurisdiction, and to understand the risks posed by how they devise, market, implement and conceal tax crime and financial crimes;

- ensure the law provides investigators and prosecutors with sufficient authority to identify, prosecute and sanction professional enablers, both to deter and penalise;

- implement multi-disciplinary prevention and disruption strategies, notably through engagement with supervisory, industry and professional bodies, to prevent abusive behaviour, incentivise early disclosure and whistle-blowing and take a strong approach to enforcement;

- ensure relevant authorities proactively maximise the availability of information, intelligence and investigatory powers held by other domestic and international agencies to tackle sophisticated professional enablers operating across borders;

appoint a lead person and agency in the jurisdiction with responsibility for overseeing the implementation of the professional enablers strategy, undertake a review of its effectiveness over time and devise further changes as necessary.