



Central Policy

Information Policy and Disclosure
1C/23
100 Parliament Street
London
SW1A 2BQ

John Glacier
By email to:
request-169xxxxxxxxxxx@xxxxxxxxxxxxxxxx.xxx

Phone 03000 586419

Fax 03000 586902

www.hmrc.gov.uk

e-mail teresa.chanxx@xxxx.xxx.xxx.xx

Date 19 September 2013
Our ref FOI 2173/13
Your ref

Dear Mr Glacier

Freedom of information request

The Department has now considered your request of 22 July 2013 made under the Freedom of Information Act 2000 (FOIA). I apologise for the long delay in providing this response. I note that you requested an internal review of the handling of your request on 21 August 2013, on the basis that you considered that HMRC had refused your request. HMRC was still considering its response to you at that time and this response now provides the information you have requested. An internal review was not carried out but, if you are dissatisfied with this response, please let us know if you now want an internal review.

Your request

1. *Can you advise me the number of tax credit fraudsters living outside the UK that was detected last year?*
2. *Can you advise what sanctions are available to the DWP (**read as HMRC**) where the fraudster is living outside the UK?*
3. *Have any fraudsters been extradited back to the UK? Particularly from other EU states? Is it policy to do so?*

HMRC response

HMRC publishes information about how we deal with tax credit fraud and our criminal investigation policy. As you can see from the information at the links below, HMRC uses civil investigations where appropriate but, in more serious cases, HMRC will carry out a criminal investigation. HMRC works closely with other organisations, including the DWP, to prevent and detect fraud.

Information is available in large print, audio and Braille formats.
Text Relay service prefix number – 18001



<http://www.hmrc.gov.uk/taxcredits/things-go-wrong/complaints-appeals/fraud.htm>

<http://www.hmrc.gov.uk/prosecutions/crim-inv-policy.htm>

Section 35 of the Tax Credits Act 2002 provides:

<http://www.legislation.gov.uk/ukpga/2002/21/section/35>

35 Offence of fraud

(1) A person commits an offence if he is knowingly concerned in any fraudulent activity undertaken with a view to obtaining payments of a tax credit by him or any other person.

(2) A person who commits an offence under subsection (1) is liable—

(a) on summary conviction, to imprisonment for a term not exceeding six months, or a fine not exceeding the statutory maximum, or both, or

(b) on conviction on indictment, to imprisonment for a term not exceeding seven years, or a fine, or both.

HMRC is not a prosecuting authority. When HMRC was formed on 18 April 2005, the responsibility for prosecuting HMRC cases in England and Wales was passed to the newly formed Revenue and Customs Prosecution Office (RCPO). That work has since been transferred to specialist teams within the Crown Prosecution Service (CPS). Scotland and Northern Ireland have their own prosecuting authorities.

1. Can you advise me the number of tax credit fraudsters living outside the UK that was detected last year?

HMRC instigated criminal investigations into 22 tax credit cases in the last fiscal year where the claimant was believed to reside outside the UK.

2. Can you advise what sanctions are available to the HMRC where the fraudster is living outside the UK?

Article 72 of Council Regulation (EEC) No 987/2009 provides that reimbursement requests may be made in instances where a Member State has paid undue benefits to a person. For completeness, Article 72 states that:

If the institution of a Member State has paid undue benefits to a person, that institution may, within the terms and limits laid down in the legislation it applies, request the institution of any other Member State responsible for paying benefits to the person concerned to deduct the undue amount from arrears or on-going payments owed to the person concerned regardless of the social security branch under which the benefit is paid. The institution of the later Member State shall deduct the amount concerned subject to the conditions and limits applying to this kind of offsetting procedure in accordance with the legislation it applies in the same way as if it had made the overpayments itself, and shall transfer the amount deducted to the institution that has paid undue benefits.

If a Member State has paid an amount of benefits to a person that they were not entitled to receive, that Member State may request reimbursement from any other Member State responsible for paying benefits to that same person. These provisions enable HMRC to seek reimbursement of Child Tax Credits.

3. Have any fraudsters been extradited back to the UK? Particularly from other EU states? Is it policy to do so?

If, following a HMRC criminal investigation, an individual is prosecuted who absents themselves from the jurisdiction then, if a guilty verdict is obtained in their absence, the Crown Prosecution Service (CPS) or other relevant prosecuting authority can apply for the court to issue a European Arrest Warrant, or the UK could apply for extradition. However,

this is normally only sought in cases where the court has imposed a custodial sentence greater than 12 months and where the prosecuting authority deem it in the public interest to do so.

HMRC have not obtained or executed any European Arrest Warrants, or applied for the extradition of an individual living outside the jurisdiction, in relation to tax credit fraud.

If you are not happy with this reply you may request an internal review by either writing to:

HMRC FOI Team
Room 1C/23,
100 Parliament Street
London
SW1A 2BQ

Or by e-mail to xxx.xxxxxx@xxxx.xxx.xxx.xx

You must request a review within 2 months of the date of this letter. It would assist our review if you set out which aspects of the reply concern you and why you are dissatisfied.

If you are not content with the outcome of your complaint, you may apply directly to the Information Commissioner for a decision. Generally, the Information Commissioner cannot make a decision unless you have exhausted the complaints procedure provided by HMRC. He can be contacted at:

Information Commissioner's Office
Wycliffe House
Water Lane
Wilmslow
Cheshire
SK9 5AF

Yours sincerely

Teresa Chance