

Principle 6 Provide adequate resources for tax crime investigation

Tax crime investigation agencies should have adequate resources.

Introduction

87. Whatever the organisational model, sufficient resources should be allocated to investigate and take enforcement action in respect of tax crimes. The level and type of resources will vary in accordance with the overall budgetary constraints and other budgetary priorities for the jurisdiction. In particular the type of resources needed may vary depending on the nature, scale and developmental stage of the economy. For example, it may be more urgent to build the legal and physical infrastructure before acquiring advanced analytical and technology tools.

88. Moreover, the allocation of resources to different functions within the agency responsible for conducting tax crime investigations will vary depending on other factors, such as the strategic priorities and the organisational structure.

89. Recognising these circumstances, the important resources for agencies fighting tax crimes are set out below.

Financial resources

90. This means having the budget and funding to pay for the needs of the agency. The average budget for surveyed jurisdictions for which data was available was as follows:

Table 6.1. Survey responses: Average annual budget over 2015 and 2018 allocated for the investigation of tax crimes in Euro equivalent (does not include budget for prosecution)

Austria	11 400 000	Japan	7 035 435
Canada	47 100 000	Netherlands ¹	128 000 000
Estonia	3 000 000	South Africa	10 000 000
Georgia	4 472 517	United States ²	493 557 000

1. Figure includes the whole Fiscal Information and Investigation Service (FIOD).

2. Majority of this budget is used for tax crime investigations.

91. Most surveyed jurisdictions indicated that the allocation of their budget was not dependent on meeting defined performance measures, even where performance targets had been agreed. From the survey, having pre-defined performance targets was uncommon. A minority of responding jurisdictions noted that performance targets had been identified, which included a minimum number of concluded investigations, number or percentage of investigations leading to prosecution, surplus earning, target time to complete an investigation, and revenue collection target.

92. Some surveyed jurisdictions were able to estimate the return on investment from the tax crime investigation function, as follows.

Box 6.1. Estimated return on investment from tax criminal investigation budget

- In Georgia, for every Georgian lari invested on tax crime investigation, the investigation service collected GEL 1.88 in 2018 (**88% return**).
- In Mexico, for every dollar spent in tax crime prosecutions in 2019, there was a return of USD 16 (**1 600% return**).
- In Spain, in the years 2015 to 2019, for every euro spent in tax investigations, the tax agency collected EUR 11.51 (**return of 1 151%**).
- Switzerland, at the federal level, estimates a return of investment in tax crime investigations of 20 times the total costs of its staff (**2 000% return** on staff costs).

Human resources

93. This means having staff with the appropriate knowledge, expertise, training and skills. Human resources are likely to have a significant impact on the efficient use of financial resources. This includes having a sufficient number of staff working on tax crime investigations. Staff numbers in the area responsible for tax crime investigations in surveyed jurisdictions, where data was available, was as follows:

Table 6.2. Average number of full time equivalent staff responsible for tax crime investigations in 2018

Country	No. of full-time staff	Country	No. of full-time staff
Argentina	83	Greece	1 782
Austria	145	Honduras	45
Azerbaijan	40	Hungary	1 179
Canada	564	Ireland	2 000
Chile	56	Israel	500
Colombia	132	Japan	1 494

Country	No. of full-time staff	Country	No. of full-time staff
Costa Rica	246	Mexico	60
Czech Republic	300	Spain	4 800
France	105	Sweden	200
Georgia	394	Switzerland	22
Germany	2 454	United States	2 200

Note: Figures for Argentina represent the number of prosecutors in charge of tax crimes. Figures for Austria represent the Tax Crime Investigation Unit. Figures for Azerbaijan represent DPTIC. Figures for Canada represent the CID-CRA. Figures for Chile represent the Departments of Tax Crimes and of Criminal Judicial Defense of SII in 2020. Figures for Costa Rica represent the number of officials in charge of tax audits. Figures for the Czech Republic include averages for the Serious Economic Crime and Corruption Command of NOCA, the Risk Management Division and the FCD in 2015. Figures for France represent the Office of the Prosecutor for Financial Crimes, BNRDF and SEJF. Figures for Germany represent the number of tax inspectors. Figures for Hungary represent the Criminal Investigation Service of NTCA in 2020. Figures for Honduras represent the criminal investigations division of SAR. Figures for Hungary represent the Criminal Investigation Service of NTCA in 2020. Figures for Israel represent an average of the number of staff in charge of criminal investigations at ITA. Figures for Japan represent the number of staff dedicated to tax crime investigations at NTA. Figures for Mexico represent lawyers at PFF. Figures for Spain represent AEAT. Figures for Sweden represent the average for 2015-19 for STA/TFIU. Figures for Switzerland represent an average for DPAA/FTA. Figures for the United States represent investigators and supervisory positions at IRS-CI.

94. Having the necessary human resources also includes ensuring that staff have the appropriate skills and knowledge to conduct complex financial investigations. This includes two aspects: having staff with expertise in all relevant fields; and providing ongoing training on emerging risks, investigative tools and skills.

95. The need to ensure that the agency has the necessary expertise in all relevant fields reflects the fact that financial crime investigations demand specialist knowledge and know-how and that a range of specialist skills may be needed within an investigation. All financial investigators should have a certain basic level of financial knowledge and skills such as practical investigation techniques, case management and intelligence collection. In addition, more specialised financial investigators will be needed, such as accountants, asset recovery specialists, cyber experts and forensic experts.

Training

96. Training should be continuous and available for all staff at every level of experience and should include areas such as legal knowledge, emerging risks, investigative techniques, interview techniques, using and leveraging technology solutions, management skills, and working in cross-agency and international investigations. Where possible, training should include practical training drawn from real-life cases, as well as incorporating joint training sessions with investigators, prosecutors, tax authorities and other relevant stakeholders to create greater awareness of the possibilities for inter-agency co-operation. Undertaking international training can also be beneficial in sharing different approaches and creating a network of professionals that can enhance international co-operation.

Infrastructure resources

97. A range of physical tools are required to conduct tax crime investigations effectively, such as forensic tools, administrative equipment (including for enforcement actions), the ability to securely handle evidence, and effective communication platforms among other things.

Organisational resources

98. Robust organisational and strategic resources are needed to conduct the work and use the resources efficiently, as well as a network of inter-agency relationships.

Data and technology resources

99. It is important that investigators have access to relevant data and intelligence, as well as the hardware and software to analyse it. In terms of the data and intelligence required, this should include access to tax and other revenue information, bank account information, real estate information and commercial and company information. In terms of the technology resources, this includes computers, IT systems, smartphones, and data storage systems as well as the analytical tools to establish links, patterns and risks amongst different sources of data (both structured and unstructured data). Increasingly, law enforcement agencies need to have the skills and tools to conduct investigations in response to the increasing digitalisation and globalisation of criminal activity. It is likely that information and data analytics will become even more important over time, and access to a wider range of digital information and analytical tools will be needed. The survey shows that responding jurisdictions have access to a number of databases. Note that not all such databases exist in each jurisdiction. The table below is intended to describe the current approaches taken by different jurisdictions, which depend on the organisational structure, availability and sensitivity of certain data, and without reaching a conclusion as to the effectiveness of such forms of access.

Table 6.3. Survey responses: Access to Government Databases and Registers

	Access on request		Direct access		No access
Company Formation / Ownership Registry	Argentina Australia Canada Colombia Costa Rica Czech Republic ¹ Germany	Honduras Japan Mexico New Zealand South Africa United Kingdom United States	Austria Brazil Czech Republic ² Denmark France Georgia Greece Hungary Iceland Ireland	Israel Italy Korea The Netherlands New Zealand Norway Spain Sweden Switzerland United States	Chile
Land Registry	Australia Canada Costa Rica Denmark France Germany Greece Japan	Korea Mexico New Zealand South Africa Switzerland United Kingdom United States	Austria Brazil Colombia Czech Republic Georgia Honduras Hungary Iceland Ireland	Italy Israel The Netherlands New Zealand Norway Spain Sweden United States	Chile
Registry Of Citizens ³	Australia Costa Rica Germany Greece Ireland Japan Korea	Mexico New Zealand South Africa Spain Switzerland United Kingdom United States	Argentina Austria Brazil Chile Colombia Czech Republic Denmark France Georgia	Honduras Hungary Iceland Israel Italy The Netherlands Norway Sweden United States	Canada

	Access on request		Direct access		No access
Tax Databases	Brazil Colombia Costa Rica Denmark France	Hungary Mexico Norway Sweden	Argentina Australia Austria Canada Chile Czech Republic ⁴ France ⁵ Georgia Germany Greece Honduras Iceland Ireland	Israel Italy Japan Korea The Netherlands New Zealand Norway South Africa Spain Sweden Switzerland United Kingdom United States	
Customs Databases	Australia Brazil Canada Colombia Denmark France Germany Greece ⁶ Hungary	Japan Korea Mexico New Zealand Norway Sweden Switzerland ⁷ United States	Argentina Austria Czech Republic ⁸ Georgia Greece ⁹ Honduras Iceland Ireland Israel	Italy The Netherlands South Africa Spain Switzerland ¹⁰ United Kingdom	Chile Costa Rica
Police Databases	Argentina Australia France Germany Greece ¹¹ Honduras Ireland Israel Japan	Korea Mexico New Zealand South Africa Switzerland ¹² United Kingdom United States	Argentina Austria Azerbaijan Brazil Canada Colombia Costa Rica Czech Republic Denmark	France ¹³ Georgia Greece ¹⁴ Hungary Italy The Netherlands Norway Sweden ¹⁵	Chile Iceland Norway Spain Switzerland
Judicial Databases	Australia Austria Canada Czech Republic Georgia Germany Greece Honduras Hungary	Ireland Korea Mexico The Netherlands New Zealand South Africa United Kingdom United States	Argentina Brazil Colombia Costa Rica France Iceland Italy Japan New Zealand	Norway Switzerland United States Israel	Chile Norway Spain Sweden Switzerland
STR Databases	Austria Brazil ¹⁶ Czech Republic Germany Greece ¹⁷ Georgia Honduras Hungary Israel	Italy Japan Korea Mexico The Netherlands New Zealand Spain Sweden	Australia Denmark Greece ¹⁸ Ireland Japan South Africa	United Kingdom United States	Argentina Canada Chile Colombia Costa Rica France Iceland Norway Switzerland

	Access on request		Direct access		No access
Domestic Bank Account Databases	Argentina Australia Brazil Colombia Czech Republic France Georgia Germany Greece Honduras Hungary Iceland	Ireland Israel Japan Korea Mexico Norway South Africa Spain Switzerland United Kingdom United States	Austria Azerbaijan Costa Rica France ¹⁹ Italy The Netherlands		Argentina Canada Chile Sweden
Car Registry	Australia Canada Germany Honduras Japan Korea	Mexico New Zealand South Africa Switzerland ²⁰ United Kingdom	Argentina Austria Brazil Chile Colombia Costa Rica Czech Republic Denmark France Georgia Greece Hungary	Iceland Ireland Italy Israel The Netherlands New Zealand Norway Spain Sweden Switzerland ²¹ United States	
Boat Registry	Argentina Australia Austria Brazil Canada Czech Republic Denmark France Georgia Germany Greece	Honduras Iceland Ireland Japan Korea Mexico New Zealand South Africa Switzerland ²² United Kingdom United States	Colombia Costa Rica Hungary Israel Italy The Netherlands Norway	Spain Switzerland ²³	Chile

1. Written certified copies of documents from the Commercial Register.
2. Electronic certificate of incorporation, without official verification for operational purposes.
3. Some jurisdictions may not have such registry.
4. For designated officials in charge of tax crime investigations. Non-designated officials should manage their requests via SPPO.
5. The investigative authority has direct access to only 4 databases; access to any other tax database must be requested.
6. FPD, FIU.
7. FTA, CTA.
8. For designated officials in charge of tax crime investigations. Non-designated officials should manage their requests via SPPO.
9. YEDDE.
10. FTA.
11. YEDDE.
12. FCA.
13. Direct access to the criminal records database.
14. FPD, FIU.
15. SECA.
16. Request or spontaneous from the FIU.
17. YEDDE, FPD.
18. FIU.
19. The list of accounts held by a person is accessible on direct access, but not its balance or transactions, which are only accessible on request.
20. FTA, CTA.
21. FCA.
22. FTA, CTA.
23. FCA.



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