

## Seven held over 'carbon credits' fraud

By Tom Pugh, Press Association

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Seven people were arrested in early morning raids today by investigators looking into a £38 million VAT fraud involving the trading of emissions allowances.

A total of 27 properties, both business and residential, were searched in London and the Gravesend area of Kent, and further arrests are likely, HM Revenue and Customs said.

The suspects are believed to be part of an organised crime group operating a network of companies trading large volumes of high-value emissions allowances, often called carbon credits.

The fraudulent firms buy carbon credits from overseas VAT-free sources and then sell them on to businesses in the UK at a VAT-inclusive price.

But the VAT charged by the fraudulent companies never sees its way to Revenue and Customs, and it is thought the proceeds in this case have been used to fund lavish lifestyles.

Les Beaumont, deputy director of criminal investigation for HM Revenue and Customs, said: "HMRC investigates all criminal attacks on the tax system, halting theft of revenue, gathering evidence and supporting prosecutors in bringing offenders before the courts.

"We always aim to recover the proceeds of crime, restoring that money to the public purse where it belongs. That is our intention in this and similar cases.

"The Government took decisive action to prevent this type of fraud recurring by zero rating carbon credits for VAT."

Officers from Europol, the European Union law enforcement organisation that handles criminal intelligence, is helping Revenue and Customs with the inquiry.

Today's arrests, involving six men and a woman, were made in Gravesend, Hounslow, Southall, Isleworth and Erith.

Officers from the UK Border Agency and police used sniffer dogs to detect cash in properties.