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CRIME INVESTIGATION IN TAXATION

The Criminal investigation assists in the prosecution of individuals and corporations that attempt to evade taxes, willfully fail to file returns, submit false tax forms, and otherwise attempt to defraud taxpayers. It exists to investigate and aid in the prosecution of the department of revenue's most complex criminal and internal tax fraud cases by applying accounting and auditing principles to identify and develop tax crime cases and refer them to the proper judicial authority [1].

Criminal investigation preserves the integrity of the self-assessment tax system through the vigorous enforcement of tax laws. It works to convict violators, to deter future violations, and to reassure honest taxpayers that they will not bear an undue share of taxes.

Cases can involve failure to remit wage withholding, sales tax collected, tax evasion, failure to pay over tax, and preparer fraud. These cases can be related to criminal activity, corporate fraud, financial fraud, health care fraud, public corruption, organized crime and narcotics trafficking.

It investigates potential criminal violations of Tax Code and related financial crimes in a manner intended to foster confidence in

the tax system and deter violations of tax law. While other state agencies also have investigative jurisdiction for money laundering and some bank secrecy act violations, tax service is the only federal agency that can investigate potential criminal violations of Tax Code.

The system of taxation is based on the premise that all income is taxable (which includes illegally earned income). In many instances, proving that a taxpayer willfully attempted to hide income from the government is an integral part of proving other criminal activity including fraud, money laundering or bank violations. Criminal investigation continues to fulfill the important role of helping to ensure the integrity and fairness of our nations' tax system.

Criminal investigations are conducted regarding alleged violations of the Tax Code and various money laundering statutes. The findings of these investigations are referred to the Department of Justice for recommended prosecution [2].

Criminal investigations can be initiated from information obtained from within the tax body when a revenue agent (auditor) or revenue officer (collection) detects possible fraud. Information is also routinely received from the public as well as from ongoing investigations underway by other law enforcement agencies or by Attorneys offices across the country.

Special agents analyze information to determine if criminal tax fraud or some other financial crime may have occurred. Relevant information is evaluated. This preliminary process is called a 'primary investigation'. The special agent's front line supervisor reviews the preliminary information and makes the determination to approve or decline the further development of the information. If the supervisor approves, approval is obtained from the head of the office, the special agent in charge, to initiate a 'subject criminal investigation'. At this point, at least two layers of CI management have reviewed the 'primary investigation' material and determined there is sufficient evidence to initiate a subject criminal investigation [3].

Reference list

1. Tax Evasion and Fraud Enforcement [Электронный ресурс]. - Режим доступа : <https://www.pacific/tax/criminal-investigations> / Дата koriCTyBaHия: 20.10.15.

2. Criminal Investigation Division [Електронний ресурс]. -
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https://en.wikipedia.org/wiki/Criminal_Investigation_Division

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3. What Criminal Investigation Does [Електронний ресурс].
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<https://www.irs.gov/uac/What-Criminal-Investigation-Does> /

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