

HMRC smashes £6.9m construction tax fraud

Grant Prior 1 week ago

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A £6.9m tax fraud centred on the construction industry has been busted by HMRC following a two-year investigation.

Three men will be sentenced next week at Maidstone Crown Court after being unanimously convicted of conspiracy to cheat the public revenue following a six week trial.

Millions were deducted from workers' pay packets on major sites but never passed on to the Revenue.

Accountant Aquil Ahmed, 60, Victor Shearer, 43, a construction services company director; and Christopher Azzopardi, 36, a payroll administrator, all from Kent, defrauded HMRC of VAT, Income Tax, National Insurance Contributions and Construction Industry Scheme deductions over two-and-a-half years.

Ahmed operated a series of companies that offered an 'umbrella' pay-roll service to his clients who were mostly labour supply companies or recruitment agencies. Azzopardi was Ahmed's assistant.

Together they operated a sophisticated web of UK-registered companies and bank accounts through which they invoiced their clients for their workers wages, income taxes and VAT – but failed to pay taxes over to HMRC.

Between 2010 and 2012 Ahmed's pay-roll companies fraudulently withheld £7m in PAYE, National Insurance contributions, Construction Industry Scheme deductions and VAT.

That money was laundered through a series of companies set up for the purpose in Gibraltar and Belize, and from there was transferred to bank accounts held in Jersey, Guernsey, Spain, Switzerland, Turkey, USA, South Africa, Dubai and Chile.

Shearer was the sole director of London based Leaner Logistics which supplied temporary and casual labour.

Leaner Logistics worked for a number of industry big names including a string of projects for Mace.

Shearer acted as a client of Ahmed's pay-roll service and in return received a £1.2m share of the unpaid taxes over its two-year operation.

The rest of the proceeds were shared between Ahmed, his business partner, and the directors of his other client companies who had lent themselves to the fraud.

Chris Gill, Assistant Director, Fraud Investigation Service, HM Revenue & Customs, said: "HMRC uncovered this complex and sophisticated fraud, operated through a multitude of UK and offshore companies.

"The fraudsters abused the tax system which is designed to ensure workers are paid correctly, and taxes are paid to HMRC.

"This investigation shows that regardless of the resources of those involved, no one is beyond our reach."



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Ban for labour supply boss over VAT swindle

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The director of a Kent-based labour supply business has been disqualified for seven years for faking VAT returns.

Amanpreet Danny Sahota of Dansah Ltd submitted false VAT returns before the company went into liquidation owing £365,000.

Dansah commenced trading in April 2011 supplying labour via subcontractors to the construction industry.

Sahota authorised VAT returns to be submitted to HMRC requesting refunds of VAT he claimed Dansah had paid to subcontractors.

The invoices he submitted to support these did not meet the standard required by HMRC with many being undated and not specifying what goods or services had purportedly been supplied.

HMRC conducted an investigation into Dansah's tax affairs and noted that the "suppliers" of the labour did not have the workforce to have conducted the work claimed by Sahota.

These entities were ultimately compulsorily de-registered for VAT as 'missing traders' having never submitted any VAT returns themselves.

Other invoices submitted by Sahota claiming refunds of VAT paid, were issued by another limited company of which Sahota was the sole director.

HMRC's investigation determined that Dansah had used its own work force to fulfil its client's requirements without verifying those labourers on the CIS system which gave rise to further tax.

Andrew Stanley, Official Receiver Chatham at The Insolvency Service, said: "Mr Sahota deliberately misled HMRC in an attempt to avoid Dansah paying tax and attempted to reclaim tax that Dansah hadn't paid.

"Mr Sahota has abused the tax regime; disqualifying him as a director upholds the integrity of the insolvency and taxation regimes and also acts as a deterrent to others from repeating such misconduct in the future."



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