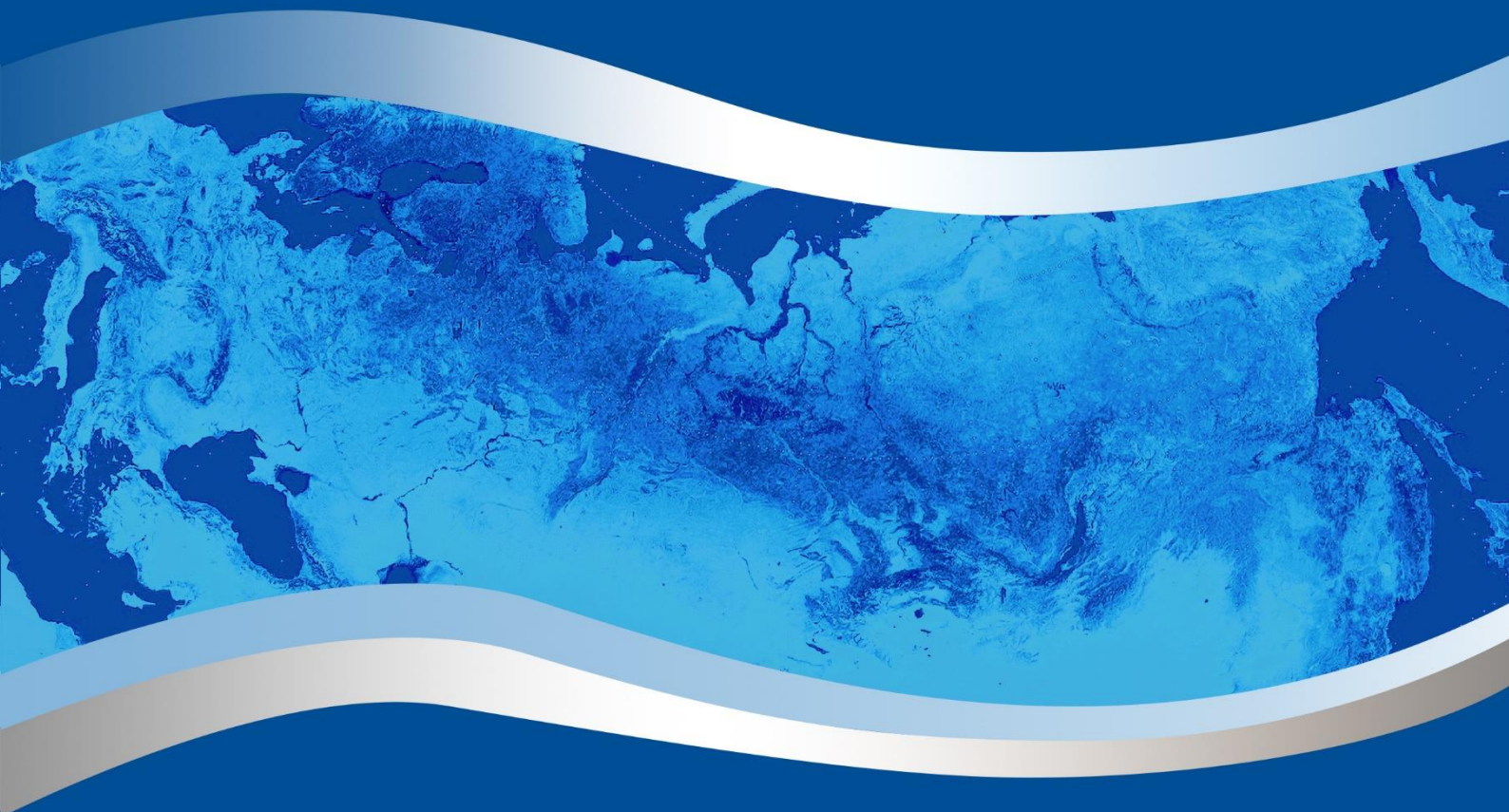




ЕВРАЗИЙСКАЯ ГРУППА
по противодействию легализации преступных доходов
и финансированию терроризма

EURASIAN GROUP
on combating money laundering
and financing of terrorism



"Laundering of the proceeds from tax and
economic crimes"

EAG TYPOLOGIES PROJECT

2022

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INTRODUCTION

1. This study on "Laundering of the proceeds from tax and economic crimes" has been conducted in line with the decision on optimization of typologies adopted in May 2021.
2. The *relevance of the topic* stems from the fact that this decision implied an update of previous studies due to changes in the economy, new trends in the subject, as well as changes in approaches to combating the crimes by member states.
3. The crimes can hide behind virtually any transaction of money or other property. They may also be transnational in nature, resulting in a negative impact on the economies of different countries, including increased economic damage.
4. The *aim* of the study is to examine in the EAG member and observer states the experience in organizing the combating of tax crimes and business crimes, and the legalization (laundering) of proceeds derived therefrom.
5. In order to implement this objective, the following tasks were identified:
 - to study the legislation in the field of combating the crimes;
 - to identify the measures applied for the crimes;
 - to consider the involvement of public authorities in the Member States of this study in the detection and investigation of the crimes;
 - to consider the indicators of suspicious transactions indicating the commission of the crimes;
 - study the specifics of financial investigations related to the laundering of the proceeds of the crimes.
6. The competent authorities of the following countries participated in this study: Republic of Belarus, Republic of Kazakhstan, People's Republic of China, Kyrgyz Republic, Russian Federation, Republic of Tajikistan, Turkmenistan, Republic of Uzbekistan and Mongolia.
7. An important aspect of this study is both the examination of the legal regimes governing business activities and the legal regimes in the field of combating the crimes. Furthermore, one of the key elements of the study was the examination of general trends in combating the legalization of proceeds of such crimes and the frequent instruments/ways of committing them.
8. It is hoped that this study will help Member States and persons concerned:
 - firstly: to identify emerging trends in both combating and detecting the crimes, based on the experiences of the countries participating in the study;
 - secondly: it will create new opportunities for subsequent more in-depth research based on the submissions made, including the proposed mathematical model;
 - thirdly: get familiar with the indicators and factors of effectiveness in detecting and investigating the crimes.
9. However, it should be noted that the aim was not to create a single model for the data analysis approach, but to use the proposed model in the study as one possible option that could be improved and used in the future, taking into account the particular characteristics of the statistics of each of the participating countries.

SECTION 1: CURRENT STATUS OF THE SYSTEM FOR COMBATING TAX AND BUSINESS CRIME (HEREINAFTER REFERRED TO AS "THE/CRIMES UNDER CONSIDERATION")

1.1. Legislation in the field of combating the crimes

10. In all of the countries studied, the legal framework for combating the crimes under consideration is the Criminal Code. Tajikistan and Turkmenistan also mentioned the Code of Administrative Offences.
11. However, the participating countries defined the crimes as follows.
12. Thus, Kazakhstan, Belarus, Mongolia have given a definition in accordance with the Criminal Code of their country, including highlighting specific articles of the code.
13. Russia, Kyrgyzstan and China gave more generalized notions of the crimes (the questionnaire provided for this possibility), the general meaning of which can be expressed as follows:
 - *tax crimes* are crimes/offences related to violation of the tax and duties legislation;
 - *business crimes* are crimes that infringe on a country's statutory framework for doing business.
14. It is worth noting that there is some confusion in the responses regarding the definition of business crime. It can be assumed that this is due to the fact that in most countries the crimes are defined by a general term, as, for example, Belarus noted that they are crimes against the order of economic activity.
15. It is also worth noting here the reply of Kazakhstan, which in Our opinion contains a fairly precise definition of this type of crime: "... In accordance with Article 214 of the Criminal Code of the Republic of Kazakhstan dated 3 July 2014, No. 226-V Law of the Republic of Kazakhstan: Doing business, banking activities (banking operations), microfinance or collection activities without registration, as well as without the mandatory license for such activities or in violation of the legislation of the Republic of Kazakhstan on authorizations and notifications, and engaging in prohibited business activities, if these acts have caused major damage to a citizen, an organization or the state, or are associated with large-scale income generation or the production, storage, transportation or sale of excisable goods on a large scale...".
16. The unanimous response was that the crimes are categorized as predicate crimes.
17. Participating countries provide for the following requirements for doing business.
18. Most countries mentioned as the first point the process of registering the entity and providing the necessary information to the competent authority. However, Mongolia noted the need to open an account and confirm it with a commercial bank. China noted that no entity could engage in business activities without registration, except in cases where registration was not required by the relevant laws and regulations.
19. Also, based on the replies received, it can be said that one of the main requirements for doing business is to register with the tax authority as a taxpayer.
20. It is worth mentioning here that Russia, in replying to this question, pays considerable attention to the verification of the accuracy of the information being included or included in the Unified State Register of Legal Entities (USRLE).
21. As part of identifying the role of FIUs at this stage of the study, a question was asked in relation to the legal powers of FIUs in investigating ML/TF cases from these offences. All participating countries noted the collection of information and referral to law enforcement, and most noted the suspension/freezing of transactions. It is also assumed that other powers were noted depending on the type of FIU:
 - conducting criminal intelligence and surveillance operations - China, Mongolia and Uzbekistan;

- assignment of inspections - China and Uzbekistan;
- pre-trial proceedings - Uzbekistan.

1.2. Sanctions applicable for the commission of the crimes

22. The first step at this stage was to understand what type of liability is prescribed by the legislation in the participating countries for the crimes under consideration.
23. Almost all countries (except Belarus) noted criminal and administrative liability.
24. Also, civil liability is provided for in Russia, Uzbekistan and Turkmenistan (which only provide for this type of liability in relation to business crimes). It is worth noting that Russia has also noted disciplinary liability.
25. On the basis of the responses received regarding the length of penalties/fines for the crimes, depending on the type and gravity of the crime, a consolidated list per country has been compiled (*presented in Annex I*). It should be noted, however, that some notes on certain articles and nuances have not been taken into account, as this information is of secondary importance for the study.
26. It should also be noted that in analyzing the information provided in response to this question, the crimes outlined at the beginning of the questionnaire were used as a basis.
27. Having analyzed the data obtained in relation to tax crimes, the following can be highlighted.
28. In terms of the gravity of the crimes, attention is drawn to a distinctive difference in the responses from China and Mongolia.
29. Based on China's response, it can be assumed that the gravity of the crime is not differentiated as in most other participating countries (e.g.) into: a) serious crime, medium gravity crime; b) large scale crime, especially large-scale crime, etc. Here, China notes a certain percentage of the interest that the entity has failed to pay on the estimated amount of taxes. This probably describes the gravity of the crime.
30. Mongolia has not indicated the gravity of the crime, suggesting that it may be differentiated otherwise and that the amount of the penalty or fine depends on other factors.
31. Regarding terms of imprisonment for tax crimes, among the participating countries the maximum ones are:
 - up to 12 years - in the Republic of Belarus (Article 243 Part 3 of the Criminal Code "Evasion of tax and (or) other obligatory payments to the budget, evasion of tax and (or) other obligatory payments to the budget from organizations")
 - up to 8 years in Kazakhstan (Article 245 Part 3 of the Criminal Code "Evasion of tax and (or) other obligatory payments to the budget from organizations");
 - up to 8 years in Tajikistan (Article 292 Part 2 of the Criminal Code "Evasion of taxes and (or) fees from a legal entity");
 - up to 7 years - in Russia (Article 199.2 Part 2 of the Criminal Code "Concealment of monetary resources or assets of an organization or individual entrepreneur, at the expense of which taxes, fees or insurance contributions must be recovered");
 - more than 10 years or life imprisonment - in China ("Fraudulent refund of export tax*").
32. With regard to information on business crime, the following can be mentioned.
33. The maximum terms of imprisonment for this type of crime among the participating countries are:
 - up to 10 years with forfeiture of property - in Kyrgyzstan (Article 231 Part 4 of the Criminal Code "Economic smuggling", Article 245 Part 4 "Abuse of authority by

employees of a commercial or other organization", Article 210 Part 4 "Misappropriation or embezzlement (entrusted property)");

- up to 12 years - in the Republic of Belarus (Article 228 Part 4 of the Criminal Code "Smuggling of goods", Article 211 Part 4 of the Criminal Code "Misappropriation or embezzlement (entrusted property)");
- up to 12 years in Turkmenistan (Article 229 Part 4 of the Criminal Code "Misappropriation or embezzlement");
- at least 7 years or life imprisonment - in China ("Illegal fundraising"*).

34. It should also be mentioned that the participating countries unanimously responded that the legislation provides for full or partial exemption from liability in case of full payment of tax payments/refunds/payment of penalties.
35. Based on the foregoing, it may be said that most of the countries participating in the study use the following criminal penalties for tax crimes: fines of varying amounts, community (corrective, forced) labour, arrest, imprisonment, deprivation of the right to hold certain positions or to engage in certain activities.

1.3. Supervisory and law enforcement authorities. Their role in the process of combating the crimes

1.3.1. Involvement of public authorities in the detection of the crimes

36. The public authorities in charge of detecting the crimes under consideration in each of the jurisdictions are as follows.
37. In **Kazakhstan**, tax crimes are detected by: the Economic Investigation Service of AFM (Agency of the Republic of Kazakhstan on Financial Monitoring), the State Revenue Committee of the Ministry of Finance of the Republic of Kazakhstan, and the FIU. These public authorities, as well as the Ministry of Internal Affairs of the Republic of Kazakhstan, the Anti-Corruption Service, are engaged in the detection of business crimes.
38. In **China**, the Ministry of State Securities is the lead public authority for the prevention, detection and investigation of tax crimes. Other agencies, the State Tax Administration and the General Administration of Customs, cooperate with the lead authority in investigating the crimes.
39. At the same time, the Ministry of State Securities, the State Administration for Market Regulation, the General Administration of Customs and the China Securities Regulatory Commission are engaged in the detection of business crimes.
40. In **Mongolia**, these public authorities are the National Police Agency, the General Directorate of Taxation and the FIU.
41. In **Tajikistan**, the General Prosecutor's Office, the State Committee of National Security, the Agency for Financial Control and the Combating Corruption, the Ministry of Internal Affairs, and the Tax Committee detect tax crimes as well as business crimes.
42. In Turkmenistan, the public authorities engaged in the detection of the crimes under consideration are as follows: Financial Monitoring Service at the Ministry of Finance and Economy of Turkmenistan, General Prosecutor's Office of Turkmenistan, Ministry of Internal Affairs of Turkmenistan, Ministry of National Security of Turkmenistan, State Customs Service of Turkmenistan, Supreme Control Chamber of Turkmenistan, Tax Department, Ministry of Finance and Economy of Turkmenistan.
43. In **Uzbekistan**, the State Tax Service, the State Customs Service, the Internal Affairs Authorities and the Department for Combating Economic Crimes are authorized to deal with these activities.

* There may be translation inaccuracies. Reference to the article is not provided.

44. In **Kyrgyzstan**, the State Customs Service under the Ministry of Finance of the Kyrgyz Republic, the State Committee of National Security, the Ministry of Internal Affairs, the Prosecutor General's Office, and the State Financial Intelligence Service are authorized to detect tax crimes and deal with business-related activities.
45. Under the legislation of **Belarus**, the detection of crimes falls within the competence of:
- agencies involved in operational and investigative activities - internal affairs authorities, state security bodies, border service bodies, Security Service of the President of the Republic of Belarus, Operations and Analysis Center under the President of the Republic of Belarus, financial investigation agencies, customs authorities, intelligence services of the Armed Forces of the Republic of Belarus;
 - prosecuting authorities - the body of enquiry, the investigator, the prosecutor.
46. Bodies of inquiry conduct checks on statements and reports of crimes and, if there are grounds established by law, institute criminal proceedings, carry out urgent investigative actions and refer the criminal case for pretrial investigation.
47. Bodies of inquiry for criminal cases of the crimes analyzed in this study may include: the Ministry of Internal Affairs of Belarus; state security authorities; the State Border Committee of the Republic of Belarus, customs authorities, financial investigation authorities of the State Control Committee.
48. Criminal cases are investigated by the pretrial investigation agencies - the Investigative Committee of the Republic of Belarus and the investigation units of the state security agencies.
49. The prosecutor supervises the legality in the activities of the authorities engaged in criminal intelligence and surveillance operations, the bodies of inquiry and pre-trial investigation. The prosecutor may take over any criminal case and carry out the pretrial investigation. In addition, the prosecutor refers a criminal case to a court for examination on the merits and maintains the public prosecution in court.
50. In **Russia**, the public authorities involved in the detection of the crimes are as follows: The Ministry of Internal Affairs, the Federal Security Service, the Federal Customs Service, the Investigative Committee, the Prosecutor General's Office and Rosfinmonitoring (Federal Financial Monitoring Service). However, the Federal Tax Service also detects tax crimes and the Federal Antimonopoly Service detects business crimes.
- 1.3.2. Public and other authorities involved in the process of supervising and monitoring compliance with the legislation in this field.
51. In **Kazakhstan**, such authorities are state revenue authorities, the functions of which in the sphere of tax legislation cover: 1) tax administration; 2) timely receipt of taxes to the budget; 3) registration of taxpayers; 4) enforced collection of tax arrears. Functions in the sphere of business regulation cover: 1) registration of business activities; 2) acceptance of tax returns; 3) charging tax payments; 4) suspension and liquidation of business activities.
52. In **Kyrgyzstan**, the supervisory and controlling authority for compliance with tax and business legislation is the State Tax Service.
53. Concept and forms of tax control
- Tax control is the control of the tax authorities over the implementation of tax legislation of the Kyrgyz Republic.
 - Tax control takes the following forms:
 - tax registration and record registration of the taxpayer;
 - recording tax receipts to the budget;
 - tax inspection;
 - patrol tax control;

- establishing a tax post;
 - control of the taxpayer's compliance with the procedure for using cash registers;
 - examination of the taxpayer in case of cancellation of tax and/or record registration due to liquidation of the organization or termination of individual entrepreneur's activity, except for the taxpayer carrying out activities on the basis of a patent, in case there are no tax default risk factors in the information system of the tax service and the taxpayer submitted tax returns with null indicators.
54. In **China**, it is the State Taxation Administration, the functions of which include the following: 1) drafting tax laws, regulations and rules for implementation thereof; 2) advising on tax policy development; 3) joint efforts with the Ministry of Finance to instruct and supervise implementation measures; and 4) interpreting tax laws and policies in the enforcement process; 5) carrying out audits of taxpayers' and their tax agents' compliance with their tax obligations; 6) examining cases involving tax crimes and imposing appropriate sanctions, as well as referring cases to public security authorities if they are serious and may violate criminal law.
55. Also, the State Administration for Market Regulation, which has the following functions: 1) being in charge of comprehensive market supervision and administration; 2) being in charge of the unified registration of market participants; 3) being in charge of organizing and managing comprehensive market regulation enforcement; 4) responsible for the supervision and administration of market order.
56. The China Securities Regulatory Commission is in charge of the unified function of regulating the securities and futures market in China and of keeping the market running in an orderly manner and ensuring the lawful operation of the capital market.
57. In **Mongolia**, the process of supervising and monitoring compliance with tax laws involves:
- Intelligence organization (conducts an inquiry and investigations of a number of crimes);
 - Anti-corruption organization (conducts an inquiry and investigates a number of crimes).
58. The National Police Agency is involved in the process of supervision and control of the business regulation process, which conducts an inquiry and investigates crimes.
59. In **Tajikistan**, the process of supervision and control of tax legislation involves: the Tax Committee and the General Prosecutor's Office, which oversees tax legislation, as well as the Ministry of Finance, which implements tax policy.
60. The State Committee on Investment and State Property Management of the Republic of Tajikistan, the functions of which include support of businesses and approval and supervision of Inspection Schedules by inspection bodies, is involved in monitoring compliance with the legislation in the field of regulation of business activities. And the Tax Committee supervises the registration and payment of taxes.
61. In **Turkmenistan**, according to the information received, it can be said that the tax authorities are in charge of supervision and control. Their main functions are as follows:
- to carry out tax inspections;
 - where necessary, to arrange for taking inventory of the taxpayer's property;
 - to monitor compliance with the rules on the use of electronic cash registers and machines accepting non-cash payments through bank payment cards;
 - to draw up, within its competence, protocols in cases of tax violations;
 - other rights established by this Code and other regulations of tax legislation of Turkmenistan.

62. In **Uzbekistan**, such authorities are the following:

63. State Tax Committee. According to Article 4 of the Law of the Republic of Uzbekistan "On the State Tax Service", the main tasks of the State Tax Service authorities are:

- implementation of state tax policy and ensuring control over compliance with tax legislation, accurate calculation, completeness and timeliness of tax payments;
- ensuring the completeness and timeliness of payments of taxes to the State budget of Uzbekistan and the State trust funds in accordance with tax legislation;
- ensuring timely and accurate records of taxpayers and subjects of taxation;
- analysis and elaboration of effective measures to broaden the tax base;
- suppressing the sources of illicit money trafficking;
- implementation of measures to improve work with taxpayers;
- providing full assistance to taxpayers in meeting their tax obligations;
- controlling the financial and economic activities of markets and trading complexes;
- and other tasks.

64. State Customs Committee. According to Article 4 of the Law of the Republic of Uzbekistan "On the State Tax Service", the customs authorities are obliged to:

- monitor compliance with customs legislation;
- monitor the accuracy, completeness and timeliness of customs payments;
- monitor the accuracy, completeness and timeliness of customs payments;
- organize customs control;
- take measures to prevent offences and to identify and eliminate the causes and conditions contributing thereto;
- and other duties.

65. Department for Combating Economic Crimes at the General Prosecutor's Office. According to the Regulation on the Department for Combating Economic Crimes at the General Prosecutor's Office (approved by Presidential Decree No. VII-5446 dd. 23.05.2018) the main objectives of the Department are:

- detection of the theft and misuse of budgetary system funds, overpricing in public procurement, groundless increase in accounts receivable and payable in public authorities and organizations, and adoption of measures to compensate for the damage caused;
- combating economic crime and corruption and eliminating their consequences, as well as the causes and conditions conducive thereto;
- combating transactions contrary to the interests of the state, revealing various schemes, channels of illegal outflow, import and export of foreign currency, its illegal turnover, formation of the "shadow economy";
- ensuring effective implementation of legislation to combat money laundering, terrorist financing and the financing of proliferation of weapons of mass destruction;

- carrying out extensive awareness-raising and preventive work on the prevention of economic and corruption offences, money laundering, the financing of terrorism and the financing of proliferation of weapons of mass destruction.
 - and other tasks.
66. Ministry of Internal Affairs. Pursuant to Article 4 of the Law of the Republic of Uzbekistan "On Internal Affairs Authorities", the internal affairs authorities, within the limits of their competence, carry out activities in the following main areas:
- conducting pre-investigation, check, criminal intelligence and surveillance operations, inquiry and pretrial investigations in criminal cases;
 - control over the circulation of industrial explosives, as well as pyrotechnic products, narcotic drugs, psychotropic substances and their precursors.
67. In **Russia**, the process of supervising and controlling compliance with tax legislation involves:
68. The Federal Tax Service, which has the following functions: 1) control over compliance with the legislation on taxes and levies; 2) control over the accuracy of calculation of payments and timely payment of taxes and levies.
69. Rosfinmonitoring, which has the following functions: 1) carrying out checks on available information resources proactively and on the basis of requests, appeals, analysis of information received as part of requests from credit institutions; 2) informing law enforcement agencies about the results of checks and sending information; 3) information exchange with agencies (FTS of Russia, Federal Treasury, FAS of Russia) and foreign FIUs.
70. In **Belarus**, the process of supervision and control of compliance with tax legislation and legislation in the field of business regulation involves:
71. Prosecution authorities. As part of their supervision of the implementation of tax and business legislation, prosecutors are empowered to: carry out checks on the implementation of legislation; challenge unlawful legal acts and decisions; make representations, instructions, official warnings binding on the relevant public authorities and other organizations, officials and other citizens, including individual entrepreneurs; appealing to the courts, in the cases provided for by law, with applications (claims) in defense of the rights and legitimate interests of citizens, including individual entrepreneurs and organizations, public and State interests; and other powers.
72. The Ministry of Taxes and Levies, which has the function of monitoring compliance with tax legislation (within its competence);
73. State Control Committee, which has the function of monitoring compliance with the law (within the limits of its competence);
74. Other public authorities - within their competence.

1.3.3. Types of inspections to business entities

75. In **Kyrgyzstan**, according to the customs authority, there is a desktop customs audit and an on-site inspection.
76. Tax inspections are divided into the following types:
- on-site inspection;
 - scheduled inspection - an audit of the fulfilment of a tax obligation for all types of taxes;
 - unscheduled inspection
 - desk audit

- A counter-inspection is an inspection carried out by the tax authorities in relation to third parties in cases where, during a tax audit or examination of the validity of the VAT excess amounts, the tax authority has the need to check, including at the request of the body examining the taxpayer's complaint or the tax authorities of other states, certain documents directly related to transactions carried out by the taxpayer with the said persons;
 - Reinspection
 - Limited scope audit
77. In Belarus, in accordance with Article 27 of the Law "On the Prosecutor's Office of the Republic of Belarus" No. 220-3 of 08.05.2007, the prosecution authorities carry out checks of the implementation of legislation, including tax legislation and business legislation by public authorities and other organizations, individual entrepreneurs and citizens.
78. In accordance with the Decree of the President of the Republic of Belarus No. 510 of 16.10.2009 "On improvement of control (supervisory) activity in the Republic of Belarus" inspections are carried out in the form of: random, unscheduled inspections, measures of technical (technological, verification) nature, preventive and precautionary nature.
79. In **Kazakhstan**, Articles 6, 44,45 of the Law on Prosecutor's Office, provide the legal basis for the inspection functions of the Prosecutor's Office. Also, according to Article 144 of the Entrepreneurial Code, types of inspections are divided into 1) inspections carried out according to a special procedure based on risk assessment; 2) unscheduled inspections.
80. In **China, Mongolia and Tajikistan**, business entities are subject to on-site inspections (scheduled inspections), extraordinary (unscheduled/patrol) inspections.
81. In **Russia**, customs authorities inspect foreign trade participants' compliance with the requirements of currency legislation of the Russian Federation and acts of currency regulation authorities in accordance with the Administrative Regulation of the Federal Customs Service (FCS) on State Control of Currency Transactions Associated with the Movement of Goods across the Customs Border of the Eurasian Economic Union, with the import of goods into the Russian Federation and their export from the Russian Federation, as well as the compliance of currency transactions conducted in connection with the movement of goods across the customs border of the Eurasian Economic Union, with the import of goods into the Russian Federation and their export from the Russian Federation, with the conditions of licenses and authorizations approved by order of the FCS of Russia. Inspections are carried out as irregularities are identified. The object of inspection is automatically selected based on criteria including the assessment of risks of abuse of civil rights and obligations by a participant in foreign economic activity to conduct illegal currency transactions. Thus, customs authorities mainly target persons whose actions are suspected of carrying out operations aimed at illegal transfer of funds abroad.
82. In accordance with Article 80 of the Tax Code of **Turkmenistan**, the tax authority carries out desk (preliminary) and documentary tax audits.
83. If during desk (preliminary) and documentary tax audits the tax authority needs to obtain information on the taxpayer's (tax agent's) activities related to other persons, the tax authority may request from these persons documents related to the activities of the taxpayer or tax agent being audited (a counter inspection).
84. The tax authority carries out tax surveys and patrol tax audits.
85. According to Article 137 of the Tax Code of the **Republic of Uzbekistan**, the tax authorities carry out the following types of tax inspections:
- desk tax inspection
 - on-site tax inspection;

- tax audit.

1.3.4. The division of responsibility between the various public authorities in this field

86. Under Article 159 of the Criminal Procedure Code of the **Kyrgyz Republic** (jurisdiction) the vast majority of crimes in the sphere of economic activity are attributed to the prosecution authorities, namely:

- crimes against the procedure of economic activity (Articles 218-221 (Illegal business or banking activity, Organization or maintenance of a gambling den, gambling, Pseudo-entrepreneurship, Organization of Financial Pyramids) of the Criminal Code of the Kyrgyz Republic);
- a monetary and currency crime (Article 232 (Illegal Extension of Credit) of the Criminal Code of the Kyrgyz Republic);
- tax crimes (Articles 238-243 (Counterfeiting excise stamps, Production of products subject to mandatory excise duty without excise stamps, Illegal production of alcohol and alcohol-containing drinks, Evasion of customs duties, Evasion of tax and (or) other obligatory payments to the budget, Evasion of tax and (or) other obligatory payments to the budget from organizations) of the Criminal Code of the Kyrgyz Republic);
- crimes against the interests of service in commercial and other organizations (Articles 245-251 (Abuse of authority by employees of commercial or other organizations, Violation of the procedure for conducting public tenders, auctions or tenders, Abuse of authority by private notaries, auditors, experts or appraisers, Exceeding of authority by employees of private security and detective services, Commercial bribery, Illegal receipt of remuneration by employees).

87. The above-mentioned types of crimes are among the most frequent and widespread in Kyrgyzstan.

88. At the same time, alternative jurisdiction of the prosecution service and the national security authority is also defined. These types of crimes include:

- crimes against the order of economic activity (Article 222-231 (Legalization (laundering) of crime proceeds,
- Monopolistic practices and restriction of competition,
- Forcing a transaction or refusal to perform a transaction,
- Illegal use of means of individualization of goods (works, services),
- Raiding,
- Unlawful obtaining of information constituting a trade or banking secret,
- Disclosure of trade secrets, bank secrets, taxpayer secrets,
- Insider dealing in the securities market,
- Economic smuggling.

89. This is due to the fact that certain types of economic crimes have a special danger to the public and have a negative impact on the investment climate, as well as the proceeds from criminal activities can be used in the financing of terrorism, extremism and crimes that pose a threat to state security and the sovereignty of the country. Also, when investigating them, it is necessary to carry out a set of special investigative and criminal intelligence and surveillance operations with the use of special techniques.

90. Interaction between the authorized public authorities is carried out within the framework of existing regulations, agreements, memoranda, etc.

91. The prosecution authorities, in accordance with their powers, supervise the legality of criminal proceedings.
92. In **Belarus**, the legal basis for law enforcement cooperation in criminal prosecution are: the Constitution of the Republic of Belarus, the Criminal Procedure Code of the Republic of Belarus, other laws of the Republic of Belarus, as well as interagency regulations governing specific areas of law enforcement activity.
93. In accordance with Articles 4 and 12 of Law on the Prosecutor's Office of the Republic of Belarus No. 220-Z of 08.05.2007, the Prosecutor's Office coordinates the law enforcement activities of public authorities engaged in combating crime and corruption, as well as those of other organizations involved in combating crime. To this end, a coordination council on combating crime and corruption, chaired by a prosecutor and composed of the heads of public authorities involved in combating crime and corruption (internal affairs, public security bodies, bodies carrying out preliminary investigations, inquiry and criminal intelligence and surveillance operations) and other organizations involved in combating crime and corruption (State Control Committee of the Republic of Belarus, State Customs Committee and customs authorities, State Border Committee of the Republic of Belarus and border guard authorities, Ministry of Finance of the Republic of Belarus, National Bank of the Republic of Belarus and others) shall be formed.
94. In Belarus the following are operating:
 - a national coordinating meeting (chaired by the Prosecutor General of the Republic of Belarus);
 - coordinating meetings in the regions and the city of Minsk (chaired by the respective regional prosecutor or the prosecutor of the city of Minsk);
 - coordinating meetings in districts, urban districts, cities (chaired by the respective territorial prosecutors).
95. Decisions of coordinating meetings are binding on public authorities and other organizations.
96. Department of Financial Investigations of the State Control Committee of the Republic of Belarus: the authorities vested with the functions of inquiry are empowered to conduct pre-investigation check and decide on the initiation of criminal case. Criminal cases are investigated by the pretrial investigation agencies, which refer them to the courts or terminate them on the grounds stipulated by law. All stages of the process are supervised by the prosecution authorities. Interaction takes place at the official level in accordance with established procedures.
97. Investigative Committee: Pre-trial investigation of criminal cases is carried out by the investigative units of the Investigative Committee, state security bodies and the prosecutor's office. The decision to refer a criminal case to court is taken by the supervising prosecutor. The legal basis for cooperation between the supervising and law enforcement agencies is the Criminal Procedure Code.
98. Ministry of Internal Affairs: authorized subdivisions of the Ministry of Internal Affairs receive intelligence information, document criminal activities, conduct investigative and other activities, involve competent authorities (specialists of tax authorities, employees of the Department of Financial Investigations of the State Control Committee) in calculation of unpaid taxes, after initiation of criminal case litigation support is organized in cooperation with investigative bodies. Following the results, measures are taken to recover the amounts of unpaid taxes (levies) and the offenders are held liable in accordance with the law.
99. In **Kazakhstan**, tax crimes are investigated by the Financial Monitoring Agency in accordance with the requirements of the Criminal Procedure Code. Supervision of the legality of the investigation is carried out by the prosecutor's office. Referral of cases to court is carried out by the prosecution authorities.

100. Pre-trial investigations relating to raiding, economic smuggling and appropriation and embezzlement of entrusted property committed by a person authorized to perform public functions, or a person with a similar status, or an official or person holding a responsible public position, if they involve abuse of his/her official position, fall within the exclusive jurisdiction of the Anti-Corruption Service (clause 3 of Article 187 of the CPC).
101. Reporting of a criminal offence is done by the head of the prosecution authority through the prosecutor in accordance with Article 186 of the CPC of the RK.
102. The pre-trial investigation materials are transferred from one pre-trial investigation body to another under the jurisdiction by the prosecutor in accordance with Article 193 of the CPC of the RK.
103. In **China**, the investigation, prosecution and conviction of tax crimes involve the tax administration, customs authorities, public security authorities, prosecutors and the courts.
104. Tax administration authorities: in charge of exchanging intelligence and information related to taxation with public security authorities when initiating cases and investigating tax crimes.
105. PBC and its branches: provide financial intelligence in the investigation of tax crimes.
106. Public security authorities: in charge of investigating tax crimes.
107. Prosecutor's Office: in charge of prosecuting tax crimes.
108. People's courts: in charge of hearing and convicting tax crimes.
109. According to the Criminal Procedure Law of the People's Republic of China and other laws and regulations, the working process for dealing with tax crimes is as follows:
 - Initiation of criminal cases: When criminal facts or suspects are identified, criminal cases are initiated for investigation by public security authorities. In this process, public security authorities obtain information from sources and intelligence from the tax administration and the PBC.
 - Investigation: The public security authorities investigate and gather evidence. In this process, the tax administration and the PBC pass intelligence to the public security authorities to facilitate the investigation.
 - The Prosecutor's Office prosecutes tax-related cases.
 - Conviction: The people's courts are in charge of the trial and sentencing.
110. Market regulators, public security authorities, customs, prosecutors and courts are involved in the investigation, prosecution and conviction of business crimes.
111. Market Regulation Authorities, Customs, the State Administration for Industry and Trade and their subsidiaries: are in charge of sharing business intelligence and information for public security authorities when initiating cases and investigating crimes in the field of business. Subsequently, the process is similar to that described above.
112. In **Mongolia**, the investigation must be completed and referred to the prosecutor. If the prosecutor deems it a crime, he/she draws up an indictment and refers the case to court. The court takes the final decision, issues a sentence and imposes legal liability.
113. In **Russia**, the division of responsibility between the various public authorities in the investigation, prosecution or pre-trial settlement of tax crime cases is as follows:
 - detection of crimes and collection of evidence - the Ministry of Internal Affairs and the Federal Security Service (operational and investigative units),
 - initiation and investigation of criminal cases - Investigative Committee of Russia, Ministry of Internal Affairs,

- pre-trial settlement - issuance of rulings refusing to initiate criminal proceedings in accordance with the note to articles 198, 199, 199.1, 199.3, 199.4 of the Criminal Code of the RF.
114. The tax authorities (the Federal Tax Service of Russia) and the agencies engaged in criminal intelligence and surveillance operations (the Ministry of Internal Affairs of Russia, the Federal Security Service of Russia) when they identify signs of a crime collect supporting materials and send them to the investigating authorities (the Investigative Committee of Russia) which conduct an investigation accompanied by the authorities that have identified the crime. The investigation is supervised by the prosecution service, which approves the bill of indictment and refers it to the courts for consideration of the merits.
115. Only the crimes provided for in parts 1 and 2 of Article 194 of the Criminal Code, which are investigated by way of inquiry and referred to the courts, fall within the competence of the customs authorities.
116. In identifying signs of the crimes specified in clauses 3 and 4 of Article 194 of the Criminal Code, the customs authorities shall be entitled to institute criminal proceedings, to carry out urgent investigative measures (to detect and record traces of crimes as well as evidence requiring urgent fixation, seizure and examination) and, no later than 10 days from the date of initiation, to refer the criminal cases to the investigative authorities for further investigation.
117. The investigation of criminal cases under parts 3 and 4 of Article 194 of the Criminal Code of the RF falls within the jurisdiction of the Investigative Committee of the Russian Federation.
118. Further interaction with the investigative authorities is carried out by implementing instructions to perform investigative or search actions or by including customs officials in the operational-investigative groups.
119. The implementation of such interaction is provided for in the rules of the Code of Criminal Procedure of the RF.
120. The Federal Financial Monitoring Service, within its competence, analyzes the financial activities of organizations, the information obtained includes internal information resources, information from credit institutions, information provided by foreign FIUs and agencies with subsequent reporting to law enforcement agencies.
121. Law enforcement agencies initiate criminal cases, bring materials to court and request additional information from the RFM and the FTS.
122. The division of responsibility between the various public authorities in the investigation, prosecution or pre-trial settlement of business crime cases is as follows:
- detection of crimes and collection of evidence - the Ministry of Internal Affairs and the Federal Security Service (operational and investigative units),
 - Initiation and investigation of criminal cases - the Ministry of Internal Affairs and the Investigative Committee of Russia.
123. FAS Russia and the Banking Organizations interact with the Ministry of Internal Affairs of Russia and the FSS of Russia. They can also directly report possible crimes to the investigative authorities of the Ministry of Internal Affairs or the Investigative Committee of Russia. The bodies in charge of criminal intelligence and surveillance operations (the MIA of Russia, the FSS of Russia), when a crime is detected, collect supporting materials and forward them to the investigative bodies (the IC of Russia), which conduct the investigation with the support of the bodies that detected the crime. The investigation is supervised by the prosecutor's office, which approves the criminal indictment and refers it to the court for consideration of the merits of the case.

124. Only the crimes provided for by part 1 of Article 200.1 of the Criminal Code of the RF and part 1 of article 200.2 of the CC of the RF (as of 26.10.2020), the investigation of which is conducted in the form of an inquiry and referred to the courts, fall within the competence of the customs authorities.
125. If signs of crime provided for in part 2 of Article 200.1 of the CC RF, parts 2 and 3 of Article 200.2, as well as Articles 226.1 and 229.1, the customs authorities are empowered to institute criminal proceedings and to carry out urgent investigative measures.
126. The investigation of criminal cases provided for by part 2 of Article 200.1 of the CC of the RF falls within the jurisdiction of the security service and the internal affairs authorities; parts 2 and 3 of Article 200.2 of the CC of the RF are investigated by the internal affairs authorities and other authorities which have detected the corresponding crimes; and Articles 226.1 and 229.1 of the CC of the RF are investigated by the security service, the internal affairs authorities and other authorities which have detected the corresponding crimes.
127. Further interaction with the investigative authorities is carried out by implementing instructions to carry out investigative or search actions or by including customs officials in operational-investigative groups.
128. The implementation of such interaction is envisaged by the regulations of the CPC of the RF.
129. In **Turkmenistan** the internal affairs authorities are entrusted with the protection of property, public and state interests against criminal and other unlawful infringements, and with suppressing, detecting, uncovering and eradicating crimes, administrative and other offences, conducting inquiry and related inspections, investigating criminal cases and conducting proceedings for administrative offences within the scope of their powers.
130. Pursuant to Article 224 of the Criminal Procedure Code, in cases involving crimes under Articles 254 (smuggling of goods or other objects on a large scale across the customs border of Turkmenistan, in respect of which special regulations have been established governing the movement across the customs border of Turkmenistan), and smuggling of narcotic drugs or psychotropic substances and their precursors, devices used in the production of narcotic drugs or psychotropic substances, medicines containing tramadol hydrochloride (other tramadol products) or other psychoactive substances on a large scale), 261-263 of the Criminal Code of Turkmenistan, preliminary investigations are conducted by investigators of the internal affairs authorities.
131. In cases involving a crime under Article 229 of the Criminal Code of Turkmenistan, the pretrial investigation is carried out by the authority which instituted the criminal case.
132. The internal affairs authorities shall, in accordance with their tasks and within the scope of their competence, have the following rights:
- forward binding submissions;
 - receive the necessary information in accordance with the established procedure;
 - if there is information that a crime is being prepared or has been committed, in accordance with the procedure established by law:
 - to request and obtain the necessary information, documents and written explanations;
 - to compare property records with accounting information, and request inspections, inventories and audits;
 - to receive operational and accounting information from banks and other financial and credit institutions, seal cash registers and other places of storage of inventory, money and documents, carry out controlled purchases, etc;
 - to forward requests to officials on detected violations to strengthen discipline and the rule of law, notifying the prosecutor of these violations of the law;

- to carry out criminal intelligence and surveillance operations.
133. The internal affairs authorities shall have the right to detain, take into custody and keep in custody persons defined by the relevant legislation.
134. In **Uzbekistan** criminal cases are allocated to the investigating authorities on the basis of Article 345 of the CPC of the Republic of Uzbekistan (Jurisdiction over criminal cases).
135. This Article also provides that the Prosecutor-General of the Republic of Uzbekistan, his/her deputies or the prosecutor of the Republic of Karakalpakstan, the regional prosecutors and the prosecutors of the city of Tashkent and persons with equivalent status may by reasoned ruling refer a criminal case from one pretrial investigation authority to another, irrespective of the rules on investigative jurisdiction, to ensure that the investigation is comprehensive, complete and objective in the following cases:
- if the crime has previously been concealed from the records of the authority having jurisdiction over the criminal case;
 - If the head of the body with investigative jurisdiction for the criminal case or a close relative of his or hers is a victim, suspect, accused person, civil claimant or civil defendant in the case;
 - the prosecution of a person known to be innocent or a knowingly unlawful application for remand in custody or house arrest;
 - torture and other cruel, inhuman or degrading treatment during preliminary investigations;
 - violations of the requirements of this Code that may adversely affect the outcome of the investigation and the lawful decision in the case.
136. Furthermore, under Article 354 of the CPC of the Republic of Uzbekistan, if a criminal case is highly time-consuming, particularly complex or of extreme urgency, the prosecutor or the head of the investigative unit may entrust the conduct of the preliminary investigation into the case to a permanent or specially formed group of investigators.
137. Most countries consider that there are no obstacles to inter-agency coordination in the investigation of the crimes. However, Kazakhstan noted that an obstacle is the assignment of jurisdiction over such cases to the regional prosecutor's offices. It is necessary to transfer the supervision of the investigation of criminal cases of tax crimes and business crimes to the district/city prosecutor's offices.

1.4. Features of the detection and investigation of the crimes

138. The most common/large-scale typologies/schemes of tax crimes and business crimes are presented in [Annex 2](#).
139. The following are a few of the features of detection and investigation of the crimes highlighted by some of the countries participating in the study.
140. According to **Kyrgyzstan**, tax and customs crimes are traditionally very difficult to prove because they are often committed by a group of persons and sometimes involve officials. Moreover, the consideration of the crimes additionally requires economic (accounting) knowledge. Criminal cases in this category are voluminous, as all accounting documents are seized during the investigation and subsequently recognized as material evidence. It is also difficult to prove the intent of the accused to commit crimes. The prosecution must prove that the failure to pay taxes was not the result of an accounting error or incorrect calculations. It is legally possible to terminate criminal cases if the guilty party pays the entire amount of the tax or customs debt, including fines and penalties.
141. **Belarus** noted that the main feature is the large volume of data analyzed, with funds transferred to the accounts of organizations and linked to the ultimate beneficiary.

142. The criminal case was pending in which details and bank accounts of offshore companies (over 600) in different jurisdictions were used for tax evasion. All of these companies were linked by a group of persons and it was difficult to compare the transfers between these companies due to their large volume.
143. According to the information provided, in **Russia**, in 2021-2022 there is an increase in the number of investment projects, mainly on the Internet, built on the principles of network marketing and promising high returns in the absence of real investment activity (financial pyramids).
144. There is a massive use of the opportunities offered by the internet space and the circulation of cryptocurrencies to organize and operate pyramid schemes. The uncontrolled communication opportunities offered by social media create the conditions for the mass involvement of different segments of the population.
145. Most of the participating countries noted that the factors influencing the effectiveness of detection and investigation of the crimes are: 1) the quality of the source of information; 2) the speed of the investigative phases; 3) the availability and use of detection and investigative algorithms/methodologies; 4) the existence of legal mechanisms allowing for the prompt and efficient detection and investigation of the crime; 5) the quality and speed of international cooperation.
146. Kazakhstan also highlighted another additional factor that also influences the effectiveness of detection and investigation of the crimes - structured data sets from different data sources.
- 1.4.1. Sources of information used to monitor, detect and investigate the crimes
147. In **Kyrgyzstan**, the financial intelligence unit, as part of its functions, receives financial information upon request and on suspicious transaction reports from financial institutions and non-financial categories of persons.
148. Sources of information:
- Sate Financial Intelligence Service database on suspicious transaction reports received;
 - Sate Financial Intelligence Service beneficial ownership database;
 - Tax authority database;
 - Customs authority database;
 - Ministry of Justice database;
 - Registration Service database for movable and immovable property;
 - Passport registration database;
 - Social Fund database.
149. In addition, the FIU has the right to send requests to state and local government authorities, courts, financial institutions and non-financial entities, as well as non-profit organizations for the required information and documents or duly certified copies of documents held by the requested party.
150. The official websites of public authorities are used as public sources.
151. **Belarus.** Department of Financial Investigations of the State Control Committee: financial information is obtained from its owners, in particular banks, non-bank financial institutions and is also seized in the prescribed manner (e.g., during a search) from other persons possessing it.
152. Sources of information are described in detail in IO6 of the Belarus Mutual Evaluation Report 2019[†]

[†] [posted on the EAG website](#)

153. Open databases are practically not used in relation to business entities in Belarus. At the same time, the practice of studying information from foreign business registers and resources such as opencorporates.com is widespread.
154. The main sources of information available to the FIU of **Kazakhstan** for detecting and combating tax and business crimes are databases containing the following information:
- information on transactions subject to financial monitoring, on requests for customer accounts and banking transactions, copies of documents and documentation, information on the availability of remote access to account management, etc.;
 - information on owners, managers, founders, type of activity, registration/reorganization details, existence of bank accounts, notices of tax law violations, tax authority orders to suspend debit operations on bank accounts, etc.;
 - data on the crossing of the state border, information on border crossing restrictions;
 - information on criminal and administrative offences;
 - information on tax returns and calculations;
 - information on customs procedures and operations, etc.
155. Electronic services of the State Revenue Committee of the Ministry of Finance of the RK:
- <http://kgd.gov.kz/ru/all/services>
 - • Search for taxpayers;
 - • Information on the absence (existence) of tax arrears;
 - • Search for unreliable taxpayers;
 - • Register of VAT payers;
 - • Search for taxpayers in liquidation;
 - • Search for taxpayers with whom transactions have been made without the actual performance of work, provision of services or shipment of goods;
 - • Information on the suspension (extension, renewal) of tax reporting and on the withdrawal of tax reporting; Risk level of the taxpayer according to the results of categorization.
156. In **China**, the sources of information are: The People's Bank of China and its branches, the FIU and the tax administration. The databases involved in the process are: FIU and State Tax Administration databases.
157. Regarding the use of public information, the National Enterprise Credit Information Disclosure System may be used by public security authorities to access company registration information.
158. **Mongolia**, in accordance with Article 7 of the AML/CFT Law, indicated as sources - information of accountable persons.
159. As public information, Mongolia noted government information databases used to monitor, detect and investigate the crimes. These include:
- The HUR system is an information exchange system that aims to bring information about public services to a new level through interconnected, centralized management platforms and to facilitate access to public services for citizens and businesses. Through this system, information can be obtained from citizens and legal entities.
 - E-Mongolia - necessary enquiries and information are received electronically through the E-Mongolia system. For example, real estate enquiries, enquiries about ID cards,

residence address registration, social security enquiries, business license enquiries, tax statements, tax returns filing enquiries, tax debt balance enquiries, etc.

160. **Russia** noted the following as sources of information: Data from the Federal Tax Service, Bank of Russia, authorized banks, FCS, information from registration authorities (Rosreestr (Federal Service for State Registration, Cadastre and Cartography), GIBDD (State Inspectorate for Traffic Security), Notary Public, etc.), data from cryptocurrency exchanges, data from Rosfinmonitoring.

161. Sources of public information in Russia are:

- - RF open data portal (gov.ru/data),
- - open data from the Ministry of Finance of Russia (minfin.gov.ru),
- - Provision of information from the Unified State Register of Legal Entities/Unified State Register of Individual Entrepreneurs (nalog.ru/egrul),
- - Spark Marketing, Spark Interfax.

162. Rosfinmonitoring, together with the Bank of Russia and other competent authorities, monitors the Internet to identify projects offering investment in cryptocurrency, securities and other financial assets at high yields (0.7-2% per day) and not licensed by the Bank of Russia.

163. In **Tajikistan**, crime and offences are detected mainly through checks. The databases of the Customs Service and the Tax Committee are used for this purpose.

164. As sources of public information, Tajikistan noted: Foreign company registries - lists of public sources of information from countries around the world to obtain identification, commercial and other information on foreign and Russian companies.

1.5. Other issues related to combating the crimes

165. The study identified the main types of tax payments according to the participating countries, as well as the size of the tax rates, as shown below (Figure 1).

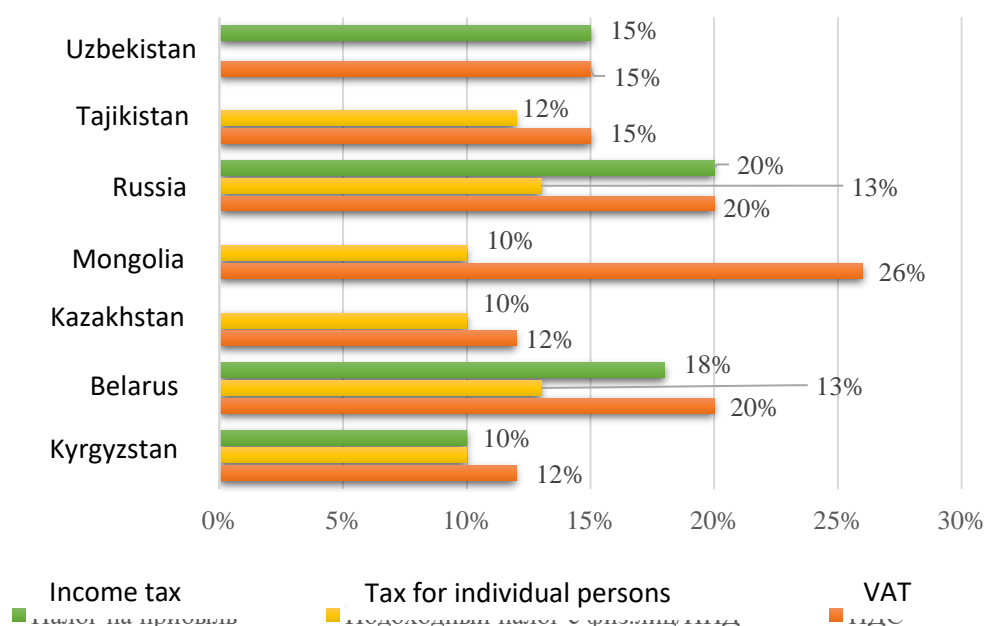


Figure 1. - Main types of tax payments and their rates

166. It is worth noting that the participating countries have indicated other tax payments that they consider to be among the main ones.
167. *Corporate income tax* was noted by countries such as: Kazakhstan (20%) and Mongolia (16%).
168. *Mineral extraction tax*, the rates of which are differentiated depending on the type of extracted mineral was noted by **Russia**.
169. **Tajikistan** also noted *taxes on natural resources*, which consist of:
- subscription bonus (The amount of the subscription bonus is set in accordance with the rules determined by the Government of the Republic of Tajikistan and is reflected in the contract for the use of natural resources);
 - commercial discovery bonus (The amount of the commercial discovery bonus is set in the manner determined by the Government of the Republic of Tajikistan and is reflected in the contract for the use of natural resources);
 - mining royalty;
 - water royalty (The water royalty rate is set at 0.06 per 1000 kWh of electricity produced);
 - export rent.
170. **China** specified the following as the main tax payments: 1) value added tax; 2) corporate income tax; 3) individual income tax; 4) consumption tax
171. The tax rates of the above taxes differ significantly when applied in different situations.
172. According to most participating countries, non-payment of VAT is the most detrimental to the state, which also supports the fact that this tax is the main tax payment.
173. Countries consider the following to be the main types of tax and business crimes that are most detrimental to the state.
174. In **Kyrgyzstan**, the crimes are primarily economic smuggling and evasion of customs payments.
175. In **Belarus**, these are tax and fee evasion; theft by abuse of authority and fraud.
176. **Russia** noted the following types of crimes:
- tax evasion;
 - conducting banking activities (banking operations) without registration or without a special authorization (license) in cases where such authorization (license) is required;
 - illegal transfer of money, securities or other property to a person performing a managerial function in a commercial or other organization, as well as the illegal provision of property-related services or other property rights (including when property is transferred, or property-related services are rendered, or property rights are granted to another individual or legal entity at the direction of such a person for the commission of acts (or omissions) in the interests of the giver or other persons, if such acts or omissions form part of his/her official duties or if he/she, by virtue of his/ her official position, may contribute to such acts or omissions;
 - concealing money (property) from collection;
 - carrying on business activities without registration or license or without accreditation in the national accreditation system or accreditation in the field of technical inspection of motor vehicles in cases where such license, accreditation in the national accreditation system or accreditation in the field of technical inspection of motor vehicles is mandatory;

- illegal use of another's trade mark, service mark, appellation of origin or similar designations for homogeneous goods;
 - intentional use of insider information to carry out transactions in financial instruments, foreign currency and/or goods to which such information relates, at own expense or at the expense of a third party, as well as the intentional use of insider information by advising, obliging or otherwise inducing third parties to buy or sell financial instruments, foreign currency and/or goods;
 - failure to fulfil the duties of a tax agent;
 - falsification of an official document conferring rights or exempting from obligations, for the purpose of using it or selling such a document, or the manufacture for the same purpose or selling of forged state awards of the Russian Federation, RSFSR, USSR, stamps, seals or letterheads.
177. **Tajikistan** considers that the main types of the crimes that are most detrimental to the state are: tax evasion and illegal entrepreneurship.
178. **Turkmenistan** noted the following as such crimes: Article 262 Tax evasion by individuals, Art. 263 Tax evasion by organizations, Art. 229 Appropriation or embezzlement, Art. 254 Smuggling, Art. 239 Illegal entrepreneurial activity, Art. 240 Illegal banking activity, Art. 241 Pseudo-entrepreneurship, Art. 218 Counterfeiting, production, sale of forged documents, stamps, seals, letterheads or use of forged documents, Art. 267 Abuse of authority, Art. 229 Appropriation or embezzlement.
179. According to information received **from Uzbekistan**, the crimes most detrimental to the state are: evasion of taxes or other obligatory payments; deliberate concealment, understatement of profit (income) or other items of taxation; and other deliberate evasion of taxes or other obligatory payments imposed by the state in a significant amount, committed after an administrative sanction for the same act.
180. Each of the participating countries noted that they cooperate internationally through the Egmont channel, when necessary, in identifying and investigating ML for the crimes. However, some of the countries noted that the lengthy process of information exchange and the shortcomings related to the timeframe (30 days) for the execution of the requests were identified as challenges for such cooperation.
- 1.5.1. Analysis of statistical information received from participating countries
181. It should be noted that, in addition to the above information, the following statistical information has been obtained:
- the amount of penalties/amount of additional charges from 2018 to 2020 imposed on the perpetrators of the crimes;
 - the number of sentences passed by the judicial authorities between 2018 and 2020 in cases involving all types of the crimes;
 - statistics on the volume of tax payments by type for the period 2018-2020;
 - share of enquiries related to crime data received by the FIU from law enforcement agencies;
 - the share of STRs from the total number received by the FIU on the criteria/indicators/red flags related to tax crimes and business crimes for the period from 2018 to 2020.
182. However, the countries participating in this study did not provide comprehensive statistical information on the above-mentioned issues, which in some cases significantly affected both the analysis and the overall results of the study.

183. A mathematical model based on a correlation and regression analysis using the least squares method was built to analyze the above information.
184. The essence of the method is to determine the dependence (hereinafter referred to as correlation dependence) of some statistical indicators on others, and to determine the significance of this dependence (regression analysis) by using such indicators as the probability of error of the presence of such a dependence (P-value or residuals, standard residuals) and the value of the impact of a change in one indicator on the change in another indicator (R-square). The multicollinearity (interdependence) indicator is used to eliminate the influence of interdependencies that exist between indicators on the accuracy of determining the relationship between specific non-dependent (without interdependency) indicators and the main indicator.
185. The end result of using this method can be considered to be the statistically significant dependencies obtained between the indicators, the forecast of changes in which can reliably answer the question of what happens if one indicator changes in a certain way and how this affects the overall situation. The linear regression formula derived from the method makes it possible to forecast how the main indicator would have changed if the values of the variables had been known.
186. The product of the MS Office family, MS Excel, and its built-in functions for data analysis was chosen as the platform for this analysis.
187. The results of the data collection and analysis for the different countries that participated in the study are presented below.
188. The following statistical information was received **from Kyrgyzstan** (see Table 1).

Table 1. Statistical information received from Kyrgyzstan and used for the study

Year	Amount of material damage (for tax crimes), million KGS	Amount of damages recovered (for tax crimes) million KGS	Penalties (for business crime) million KGS	Amount of additionally charged taxes (for business crimes)	Total number of convictions for the crimes	Total tax revenues from a number of tax payments, million KGS (income tax, income tax, VAT in the KR, VAT on imports from the EEU, sales tax, excise tax on imports from the EEU, duty received from EEU countries, customs clearance fees, unified rate of customs duties and taxes)
2018	0.44	0.04	8.54	140.37	620	75,037.93
2019	315.83	163.30	9.02	178.19	401	80,816.06
2020	1,587.47	431.51	5.78	75.43	569	72,394.28

189. For ease of reference, the above indicators are given the following alphabetic numbering:
190. X1 – Amount of material damage (for tax crimes), million KGS;
191. X2 – Amount of damages recovered (for tax crimes) million KGS;
192. X3 – Penalties (for business crime) million KGS;
193. X4 – Amount of additionally charged taxes (for business crimes);
194. X5 – Total number of convictions for the crimes;
195. Y – Total tax revenues for a number of tax payments, million KGS (income tax, income tax, VAT in the territory of the KR, VAT on EAEU imports, sales tax, excise tax on EAEU imports, duty received from EAEU countries, customs clearance fees, unified rate of customs duties and taxes).

196. Thus, the following values were obtained in the correlation analysis, determining the correlation relationship between the indicators shown in Table 1 (see Table 2).

197. As can be seen from Table 2, there is multicollinearity between almost all of the indicators studied. To give statistical significance it was decided to study the effect of each of X on Y separately, and in some cases the inverse relationship of some X to Y was studied.

Table 2. Correlation between statistical indicators provided by Kyrgyzstan

	X1	X2	X3	X4	X5	Y
X1	1	0.980997128	-0.947032757	-0.846642199	-0.602569108	0.110147379
X2	0.980997128	1	-0.866728693	-0.727302186	-0.436275861	-0.084787419
X3	-0.947032757	-0.866728693	1	0.97269497	0.826941413	-0.42349612
X4	-0.846642199	-0.727302186	0.97269497	1	0.934861654	-0.622179908
X5	-0.602569108	-0.436275861	0.826941413	0.934861654	1	-0.859582092
Y	0.110147379	-0.084787419	-0.42349612	-0.622179908	-0.859582092	1

198. In the course of the study, a statistically significant correlation between the total number of convictions for the crimes and the total amount of tax revenues for a number of tax payments turned out to be statistically significant. There was a strong inverse relationship (the correlation value was equal to -0.859) of the total number of convictions for the crimes from the total amount of tax revenues for a number of tax payments, i.e., a decrease in the total amount of tax revenues for a number of tax payments leads to an increase in the total number of convictions for the crimes.

199. This correlation is due to the 73% influence (R-square) of the value of changes in total tax revenues on changes in the total number of convictions for the crimes.

200. The error probability (P-value) for this distribution varies from 27% to 34%, which may indicate that it is impossible to assert the above unequivocally, but it can be argued that total tax revenues may be one of the indicators that influence the total number of convictions.

201. The linear regression formula can be read as $Y = 2269.98 + X2 * (-0.022)$, where Y is the total number of convictions and X2 is the total amount of tax revenue from a number of tax payments.

202. The following statistical information was received **from Uzbekistan** (see Table 3).

Table 3: Statistical information received from Uzbekistan and used for the study

Year	Penalties (billion UZS)	Amount of additionally charged taxes (billion UZS)	Share of enquiries for the crimes out of the total number of enquiries	Share of STRs for the crimes to the total number of STRs	Amount of taxes (VAT, profit tax, turnover tax) (billion UZS)
2018	487.20	809.40	0.19	0.17	35,865.60
2019	402.00	906.40	0.25	0.18	52,154.00
2020	1,629.50	1,478.40	0.28	0.19	73,020.20

203. Thus, the following values were obtained in the correlation analysis determining the correlation relationship between the indicators shown in Table 3 (see Table 4).

Table 4: Correlation between statistical indicators provided by Uzbekistan.

	Penalties (billion UZS)	Amount of additionally charged taxes (billion UZS)	Share of enquiries for the crimes out of the total number of requests	Share of STRs for the crimes to the total number of STRs	Amount of taxes (VAT, profit tax, turnover tax) (billion UZS)
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Penalties (billion UZS)	1.000	0.981	0.756	0.833	0.870
Amount of additionally charged taxes (billion UZS)	0.981	1.000	0.869	0.925	0.950
Share of enquiries for the crimes out of the total number of enquiries	0.756	0.869	1.000	0.992	0.980
Share of STRs for the crimes to the total number of STRs	0.833	0.925	0.992	1.000	0.997
Amount of taxes (VAT, profit tax, turnover tax) (billion UZS)	0.870	0.950	0.980	0.997	1.000

204. As Table 4 shows, all the indicators have a strong impact (there is a direct correlation) on the change in total tax revenues. As in the case of the Kyrgyz data study, a close multicollinearity relationship was found between all of the indicators studied. In order to give statistical significance, it was decided to study the impact of each of the indicators separately, and in some cases the inverse relationship of some indicators to each other was studied.

205. Despite the rather close direct correlation, regression analysis showed the following:

- All indicators have a fairly high impact (R-square of at least 0.8 or 80%) on the change in total tax revenues.
- The probability of misjudging the (P-value) impact of the share of STRs for the crimes from the total (4 to 5%) and the share of enquiries for the crimes from the total (12 to 27%) are low to moderate. An indicator for the amount of additionally charged taxes has an unacceptably high probability of erroneous (above 40%).
- The value of the standard residuals and residuals for all indicators point to the high probability of outliers embedded in the models under study.

206. Thus, it can be concluded from the correlation and regression analysis of the indicators obtained from Uzbekistan that there is some correlation between changes in the total amount of taxes received and the other indicators under study. In doing so, adding the time period of the analysis (as well as considering and adding other factors or indicators to the model) could most accurately reflect how strong the impact of these indicators is, and in particular could more accurately establish a direct correlation between changes in the total amount of taxes received and indicators such as: share of STRs for the crimes from the total number and share of enquiries for the crimes from the total number (as the most statistically significant indicators).

207. The following statistical information was received from Russia (see Table 5).

Table 5. Statistical information received from Russia and used for the study

Year	Penalties (cash), (billion RUB)	Amount of additionally charged taxed (billion RUB)	Number of convictions for the crimes (total)	Received taxes, levies and other obligatory payments to the budget system of the Russian Federation (billion RUB), total
2018	90.40	0.74	75.00	21,328.50
2019	75.40	0.76	51.00	22,737.30
2020	58.10	4.10	38.00	21,014.20

208. Thus, the following values were obtained in the correlation analysis, determining the correlation relationship between the indicators shown in Table 5 (see Table 6).

Table 6: Correlation between statistical indicators provided by Russia.

<i>Year</i>	<i>Penalties (cash), (billion RUB)</i>	<i>Amount of additionally charged taxed (billion RUB)</i>	<i>Number of convictions for the crimes (total)</i>	<i>Received taxes, levies and other obligatory payments to the budget system of the Russian Federation (billion RUB), total</i>
Penalties (cash), (billion RUB)	1.000	-0.888	0.978	0.212
Amount of additionally charged taxed (billion RUB)	-0.888	1.000	-0.772	-0.638
Number of convictions for the crimes (total)	0.978	-0.772	1.000	0.002
Received taxes, levies and other obligatory payments to the budget system of the Russian Federation (billion RUB), total	0.212	-0.638	0.002	1.000

209. As can be seen from Table 6, revenues from taxes, fees, etc. are rather weakly dependent on the indicators under consideration, except for the amount of additionally charged taxes, which shows an average inversely proportional impact on the indicator under consideration. Also, as in the previous cases, the close multicollinearity of the indicators required further study.
210. Further correlation and regression analysis showed that there is no statistically significant correlation between tax and levy receipts, etc. and the indicators under consideration, including the amount of additionally charged taxes. In addition, the study of the impact of the studied indicators also showed no correlation with the total number of convictions for the crimes.
211. Thus, we can conclude that in order to build an adequate, statistically significant model, in the case of Russia, both deeper and more extensive statistics are needed.
212. Very limited information was received **from Belarus**, some of which is presented in Table 7. Some of the information unfortunately cannot be reflected in this study due to tax secrecy, but was used in the study and can be reflected in the form of correlation coefficients.

Table 7. Statistical information received from Belarus and used for the study

<i>Year</i>	<i>Amount of additionally charged taxes, million BYN</i>	<i>Amount of damage caused by criminal proceedings related to the crimes (from 2018 to 2020), million BYN</i>
2018	102	213
2019	30	
2020	14	

213. Thus, the following values determining the correlation between the indicators shown in Table 7 were obtained in the correlation analysis (see Table 8).

Table 8: Correlation between statistical indicators provided by Belarus.

	Amount of additionally charged taxes, million BYN	Total amount of taxes, for certain tax payments
Amount of additionally charged taxes, million BYN	1	-0.985767214
Total amount of taxes, for certain tax payments	-0.985767214	1

214. As can be seen from Table 8, there is a rather strong inverse correlation between the change in the total amount of taxes, for certain tax payments, and the amount of additionally charged taxes.
215. When the regression model was built, a rather high impact (R-squared greater than 0.97 or 97%) of changes in the amount of additionally charged taxes on changes in the total amount of taxes received on certain tax payments was found. It was also found that the probability of this relationship being erroneous (P-value) ranges from 0.9 % to 10 %, which may indicate the presence of statistical significance. The size of the residuals and standard residuals indicates the presence of outliers in the model built. This model cannot be statistically significant for a number of reasons, but it looks like $Y = 21,459.899 + X_2 * (-29.753)$, where X is the amount of additionally charged taxes.
216. Thus, for reasons of insufficient statistical data, this model cannot be recognized as statistically significant, but the indicators under study may have a relationship with each other, which can be proved by increasing the time range under consideration. It should be noted that the indicator of the amount of additionally charged taxes may be one, but by no means the only factor, of the model which will adequately reflect the statistical dependence of the total amount of taxes, for certain tax payments on several factors.
217. The following statistical information was received from Kazakhstan (see Table 9).

Table 9. Statistical information received from Kazakhstan and used for the study

Year	Share of enquiries related to the crimes (mostly business-related) received by your FIU from law enforcement agencies	Percentage of enquiries related to these offences (mainly business-related) received by your FIU from law enforcement agencies	Share of STRs with suspicions related to tax crimes
2018	2	36	60.20%
2019	3	18	40.30%
2020	2	30	37.50%

218. Thus, the following values were obtained in the correlation analysis, determining the correlation relationship between the indicators shown in Table 9 (see Table 10).

Table 10. Correlation between statistical indicators provided by Kazakhstan.

	Share of enquiries related to the crimes (mainly business-related) received by your FIU from law enforcement agencies	Share of STRs with suspicions related to tax crimes
Share of enquiries related to the crimes (mainly business-related) received by your FIU from law enforcement agencies	1.000	0.677
Share of STRs with suspicions related to tax crimes	0.677	1.000

219. As shown in Table 10, the strength of the relationship between changes in one indicator and another can be characterized as an average acting in direct proportion.
220. Further, when building the regression model, it was found that the model was not statistically significant due to the average effect of changes in one indicator on changes in the other (R-squared is 0.45 or 45%), and that there is a rather high probability (P-value greater than 0.6 or 60%) that the relationship is not statistically significant.
221. Thus, as in the previous case, due to insufficient statistical data, it was impossible to build a statistical model that would have identified those variables that had a statistically significant effect on the share of STRs with red flags. An increase in the number of variables, as well as an increase in the time range of the study, would have made it possible to build reliable models.
222. The following statistical information was received from Turkmenistan (see Table 11).

Table 11. Statistical information received from Turkmenistan and used for the study

Year	Penalties for these types of crimes (TMT)	Amount of additionally charged taxes for these types of crimes (TMT)	Number of convictions for these types of crimes	Total share of main tax payments of all tax revenues (VAT, income tax, subsoil tax, excise tax, property tax)
2018	164,170,624.00	606,892,998.10	850	0.48
2019	96,387,982.00	410,379,909.90	609	0.56
2020	83,486,628.00	325,720,022.53	391	0.50

223. Thus, the correlation analysis yielded the following values determining the correlation relationship between the indicators shown in Table 11 (see Table 12).

Table 12. Correlation between statistical indicators provided by Turkmenistan.

	Penalties for these types of crimes (TMT)	Amount of additionally charged taxes for these types of crimes (TMT)	Number of convictions for these types of crimes	Total share of main tax payments of all tax revenues (VAT, income tax, subsoil tax, excise tax, property tax)
Penalties for these types of crimes (TMT)	1.000	0.989	0.941	-0.617
Amount of additionally charged taxes for these types of crimes (TMT)	0.989	1.000	0.981	-0.494
Number of convictions for these types of crimes	0.941	0.981	1.000	-0.315
Total share of main tax payments of all tax revenues (VAT, income tax, subsoil tax, excise tax, property tax)	-0.617	-0.494	-0.315	1.000

224. As can be seen from Table 12, the relationship between the indicators has an inverse nature. The strength of the relationship can be characterized as weak. Due to the multicollinearity present between the indicators, it was decided to continue studying the impact of the indicators separately, isolated from each other.
225. During the regression analysis of the significance of the impact of changes in the volume of penalties and the amount of additionally charged taxes on changes in the total share of main tax

payments, it is impossible to state unambiguously the existence of a statistically significant relationship between these indicators, as there is a rather high probability (P-value varies from 9 to 67%) of such a relationship being erroneous, with a rather low impact (R-squared 38% in the volume of penalties and 24% in the amount of additionally charged taxes) of these indicators. However, as the time span is extended, further research will be able to confirm with a high degree of certainty whether or not there is a statistically significant relationship between the indicators under consideration.

226. In addition to the above study, a correlation and regression analysis was also used to examine the possible correlation between changes in the number of convictions for the crimes and changes in the amount of penalties and the amount of additionally charged taxes.
227. A strong directly proportional correlation (0.940 and 0.980) was established between the indicators studied. Further study produced mixed results.
228. The R-square value in the case of the amount of penalties was 88% and in the case of the amount of additional charges was 96%, i.e. the change in the number of convictions for the crimes by 88% and 96% can be described by the impact of changes in the amount of penalties and amounts of additional charges.
229. The probability of such a relationship being erroneous ranges from 12% to 86% for these indicators, i.e., the probability of judging the relationship to be erroneous is quite high. This probability is increased by the presence of outliers indicated by residuals and standard residuals.
230. Thus, it can be argued that changes in the amount of penalties and the amount of additionally charged taxes may be among the many factors influencing the number of convictions for the crimes, provided the model is refined by increasing the time span of the study.
231. When studying other possible correlations, statistically significant results were not achieved.
232. The following statistical information was received from Tajikistan (see Table 13).

Table 13. Statistical information received from Tajikistan and used for the study

Year	Number of court convictions for the crimes	Share of enquiries to the FIU on business crimes
2018	47	0.06
2019	39	0.05
2020	28	0.01

233. Thus, the following values were obtained in the correlation analysis, determining the correlation relationship between the indicators shown in Table 13 (see Table 14).

Table 14. Correlation between statistical indicators provided by Tajikistan.

	<i>Share of enquiries to the FIU on business crime</i>	<i>Number of court convictions for the crimes</i>
Number of court convictions for the crimes	1.000	0.971
Number of court convictions for the crimes	0.971	1.000

234. As can be seen from Table 14, there is a rather strong direct correlation between the change in the number of court convictions, and the change in the share of enquiries to the FIU on business crimes.
235. The regression analysis indicated a strong impact (R-square equal to 0.94 or 94%) of changes in the share of enquiries to the FIU on the number of court convictions. The probability of this relationship

being erroneous (P-value) is in the range of 10 to 15%, which is moderate. However, the presence of outliers in this model (residuals and standard residuals vary from -250 to 200%) cannot indicate the reliability of this model. Thus, due to insufficient statistical information and the need to increase the time range of the study, the statistical model expressed by the equation $Y = 24 + 350 * X_2$, where Y is the number of court convictions for the crimes and X_2 is the share of enquiries to the FIU on business crimes, is not a significant indicator.

236. The following statistical information was received from Mongolia (see Table 15).

Table 15. Statistical information received from Mongolia and used for the study

<i>Year</i>	<i>Percentage of total tax revenue (VAT, property tax, corporate income tax, personal income tax, excise tax)</i>	<i>Share of STRs for the crimes to the total number of STRs</i>	<i>Total tax revenues from certain taxes (VAT, property tax, corporate income tax, personal income tax, excise tax) (million USD)</i>
2018	0.61	-	1,786
2019	0.81	0.24	2,081
2020	0.63	0.43	1,844

237. Thus, the following values were obtained in the correlation analysis, determining the correlation relationship between the indicators shown in Table 15 (see Table 16).

238. As can be seen from Table 16, there is a strong correlation between the percentage of total tax revenues from a number of taxes and the total amount of tax revenues from a number of taxes. However, this dependence is natural as these are essentially the same indicators expressed in different values and therefore the study of this dependence is not relevant. Therefore, a regression analysis was carried out on the other two indicators.

239. In analyzing the correlation between changes in the share of STRs for the crimes and total STRs and changes in total tax revenues for certain types of taxes and vice versa, no statistically significant correlation was found (the correlation level is weak, supported by an error probability of 83%).

Table 16. Correlation between statistical indicators provided by Mongolia.

	<i>Percentage of total tax revenue (VAT, property tax, corporate income tax, personal income tax, excise tax)</i>	<i>Share of STRs for the crimes in the total number of STRs</i>	<i>Total tax revenues from certain taxes (VAT, property tax, corporate income tax, personal income tax, excise tax) (million USD)</i>
<i>Percentage of total tax revenue (VAT, property tax, corporate income tax, personal income tax, excise tax)</i>	1.000	0.157	0.995
<i>Share of STRs for the crimes in the total number of STRs</i>	0.157	1.000	0.250
<i>Total tax revenues from certain taxes (VAT, property tax, corporate income tax, personal income tax, excise tax) (million USD)</i>	0.995	0.250	1.000

240. Thus, the lack of statistical information did not allow any significant conclusions to be drawn for the study.

241. China has not provided statistical information and therefore no analysis is possible.

242. Thus, the following conclusions can be drawn from the results of the study by means of a least-squares correlation and regression analysis:

- Certain correlations (both significant and requiring clarification and further elaboration) can be traced to changes between:
 - the total number of convictions for the crimes and the total amount of tax payments for a number of tax payments in Kyrgyzstan (strong inverse relationship);
 - the total amount of tax revenues for a number of tax payments (VAT, income tax, turnover tax) on the share of STRs received by the FIU on the crimes, the share of enquiries received by the FIU on the crimes and the amount of additional tax charges in Uzbekistan (a strong directly proportional relationship, requiring adjustments and clarifications);
 - the amount of additional taxes levied and the total amount of taxes received for certain tax payments in Belarus (strong inverse relationship requiring adjustment and further elaboration);
 - the amount of penalties, the amount of additionally charged taxes and the number of convictions for the crimes in Turkmenistan (a strong directly proportional relationship, requiring clarification by extending the time span of the study).
243. This may indicate that strengthening work in certain areas by both FIUs (e.g., strengthening the work of the FIU of Uzbekistan with STRs and enquiries on the crimes could increase tax revenues for a number of tax payments) and by law enforcement and fiscal (customs, tax) authorities (e.g., strengthening the work of law enforcement and tax authorities in Kyrgyzstan on pre-trial settlements of tax offences and crimes, could increase tax revenues to the budget in a number of tax indicators) could lead to a reduction in the volume of the crimes, in the volume of money laundering (legalization) of the crimes, as well as a certain share of the increase in tax revenues.
- There is no correlation dependence between the statistical indicators provided by Russia, suggesting that there is much room for further searching for factors that would increase tax payments to the country's budget.
 - There is a lack of statistical information provided by countries, which certainly affects both the qualitative and quantitative indicators of the study, but provides ample opportunity for more in-depth and accurate research, based on the findings from the correlation and regression analysis of statistical indicators of various kinds.

1.6. Conclusions on the first section

244. This section allows for an overview of the legislative framework for combating tax crimes and business crimes in each of the participating countries. A comparative analysis of the findings has highlighted similarities and differences, as well as the particularities of the participating countries.
245. The public authorities involved in detecting and investigating the crimes in each of the participating countries are described, as are the countries' approaches to allocating responsibility between them in the investigation, prosecution or pre-trial settlement of cases related to the crimes.
246. How public authorities and other institutions and persons are involved in the process of supervising and monitoring compliance with relevant legislation and their main functions in each of the participating countries has been discussed in more detail.
247. At this stage of the study, the most common/large-scale typologies/schemes of committing tax and business crimes for each participating country have been identified. This also provides an opportunity to review possible "new" schemes and subsequently take note of them for further use in the work.
248. Based on the statistical information, a correlation and regression analysis was carried out, which enabled some statistically significant correlations of the indicators to be established. This analysis can also serve as a starting point for future more in-depth studies in this area.

SECTION 2. FIU COUNTERACTION TO ML CONNECTED TO THESE CRIMES

2.1. Indicators of suspicious transactions suggesting the commission of ML connected to these crimes. Specificities of financial investigations into ML connected to these crimes

249. The indicators of suspicious financial transactions suggesting the possibility of committing these crimes, as identified by the countries participating in the research, are provided in [Annex 3](#).

2.1.1. Averaged share of STRs related to these crimes

250. At this stage of the research, the following information was requested from the participating countries: "what share (in %) of total STRs received by your FIU was based on criteria/indicators/suspicion indicators related to these crimes". Unfortunately, most FIUs were unable to provide the requested data, except for **the Kazakh FIU, the Kyrgyz FIU, the Uzbek FIU and the Mongolian FIU**. This would have allowed for a comprehensive comparative analysis between all the research participants.

251. Based on the available information, we can say the following.

252. According to the information received from **the FIU of Kazakhstan**:

- The averaged percentage of *tax crimes* for the 2018-2020 period was more than 40%;
- The averaged percentage of *business crimes* for the 2018-2020 period was more than 50%.

253. According to the information provided by **the FIU of Kyrgyzstan**:

- The averaged percentage of *tax crimes* for the 2018-2020 period was more than 40%;
- The averaged percentage of *business crimes* for the 2018-2020 period was more than 20%.

254. According to the information provided by **the FIU of Mongolia**:

- The averaged percentage of *tax crimes* for the 2019-2020 period was about 13%;
- The averaged percentage of *business crimes* for the 2019-2020 period was more than 20 %.

255. According to the information provided by **the FIU of Uzbekistan**:

- The averaged percentage of *tax crimes* for the 2018-2020 period was more than 25%;
- The averaged percentage of *business crimes* for the 2018-2020 period was 8%.

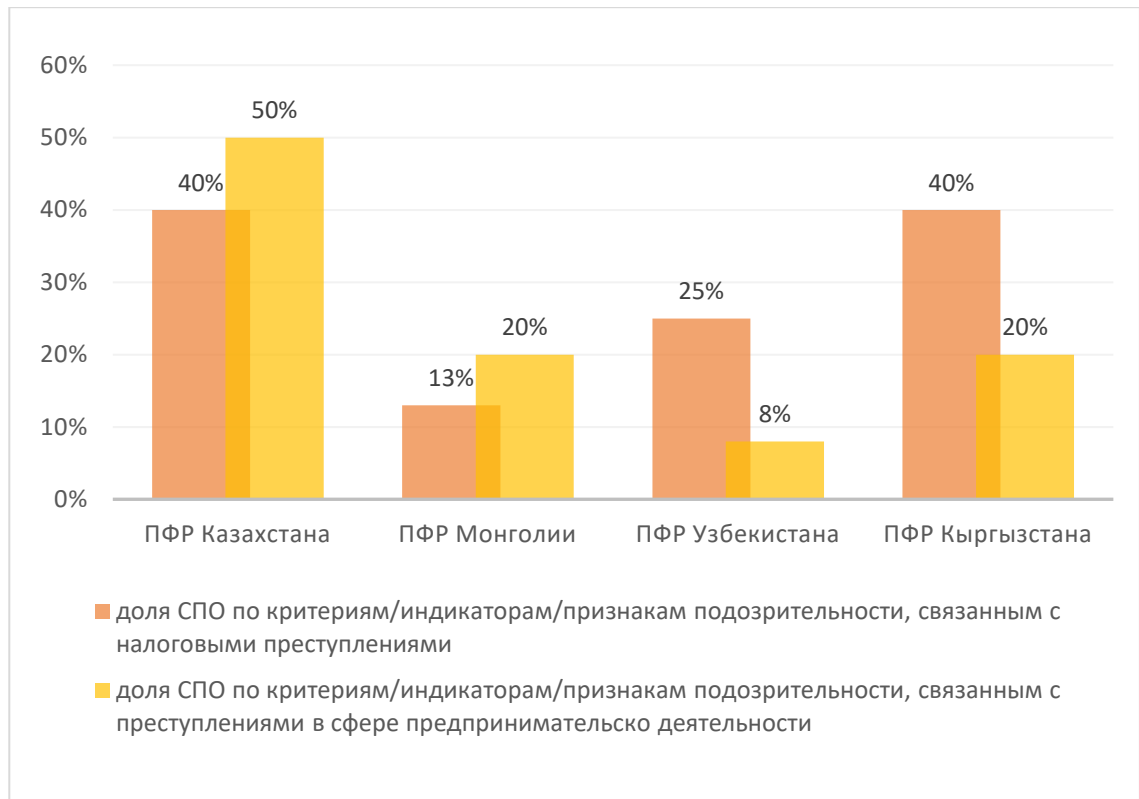


Figure 2. – Averaged shares of STRs that were based on criteria/indicators/suspicion indicators related to these crimes of total STRs received by FIUs

ПФР Казахстана – FIU of Kazakhstan

ПФР Монголии – FIU of Mongolia

ПФР Узбекистана – FIU of Uzbekistan

ПФР Кыргызстана – FIU of Kyrgyzstan

доля СПО по критериям/индикаторам/признакам подозрительности, связанным с налоговыми преступлениями –

Share of STRs based on criteria/indicators/suspicion indicators related to tax crimes

доля СПО по критериям/индикаторам/признакам подозрительности, связанным с преступлениями в сфере предпринимательско деятельности – Share of STRs based on criteria/indicators/suspicion indicators related to business crimes

256. Based on the chart above, we can say that for the FIUs of Kazakhstan and Kyrgyzstan a significant part of their work is associated with countering ML connected to tax crimes. At the same time, we can assume that top five areas of work of the Uzbek FIU include counteraction to ML connected to tax crimes, while that of the Mongolian FIU – counteraction to ML connected to business crimes.

2.1.2. Specificities and tools used in financial investigations

257. The specificities of financial investigations into ML/TF connected to these types of crimes were noted by the following FIUs.

258. According to **the Russian FIU**, investigations into the suppression of pyramid schemes are complicated due to the trend towards digitalization. These processes complicate measures aimed at

identifying and recovering assets due to lack of transparency of financial transactions, as stolen funds acquire virtual nature and are transferred to foreign cryptocurrency exchanges, which are not subject to legal regulation in Russia.

259. **The FIU of Turkmenistan** noted as such a specificity that in ML/TF cases connected to tax crimes and business crimes, criminals try to hide the true amount of funds by falsifying documents and using shell companies located in offshore zones.
260. The research participants specified the following tools, analytical methods and software used by FIUs to analyze ML/TF cases connected to these crimes, including for tracking and visualizing the cash flow:
261. **FIU of Belarus:** mainly proprietary tools and analytical programs placed on the Internet in the public domain.
262. **FIU of Kazakhstan:** for analysis, FMA implemented Triton tool developed on the basis of IBM I2 software, which provides integration, accumulation and visualization of information required for inspection of natural and legal persons and identification of hidden relationships and patterns in the data. The latest technological modifications for strategic assessment and identification of new ML/TF trends, threats and vulnerabilities include Qlik, a tool for visualization of macro indicators, which is used for analysis and visualization of large arrays of data.
263. **FIU of Kyrgyzstan:** internal information resources, graphical charts, IBM i2 software for cash flow visualization. Various database management systems based on Oracle software (e.g., MySQL). Web interfaces for tracking transactions related to virtual assets (e.g., Transparent Blockchain), or to verify information about founders (e.g., World-Check).
264. **FIU of China:** some of the analytical techniques include financial flow and financial chain analysis, anomalous transaction pattern analysis, indicator and typology analysis, correlation analysis, ranking analysis, etc.
265. **FIU of Mongolia:** all STRs provided by reporting entities are assessed and analyzed using the "RISK ASSESSMENT MATRIX" for submission to the FIU.
266. **FIU of Russia:** internal information resources, graphical charts, iRule software for cash flow visualization.
267. **The FIU of Tajikistan** uses IBM i2, SmartVision+.
268. **The FIU of Turkmenistan** analyzes ML/TF cases connected to these crimes using special software for cash flow visualization, as well as by tracking counterparties, suppliers of goods and contracts signed with dubious companies.
269. All strategic, tactical and operational analysis tools are applied by **the FIU of Uzbekistan**. Processing, verification and distribution of incoming STRs is carried out on the basis of technical regulations approved by the head of the FIU. The Department has established a daily automatic control of incoming STRs. About 50 algorithms were generated for automatic error detection, which allow evaluating information in the standard form at various stages of its processing. If the submitted STR is uncorrect or has errors, as well as in case of "doubling" the information, the sender receives an order to resubmit the STR with correction of the existing deficiencies. The corrected STR within one business day from the moment of its receipt is sent to the Department for Combating Economic Crimes under the General Prosecutor's Office of the Republic of Uzbekistan. On average, about 1.5% of STRs requiring correction are received. STRs are divided into groups (types) according to the type of financial transaction performed, such as money transfer, crediting of funds to a plastic card, transfer of funds under an agreement, purchase and sale of foreign currency, withdrawal of funds from a plastic card. STRs are ranked by categories of persons (designated individuals and entities; those in respect of which there are requests made by LEAs; foreign requests; those wanted; those under monitoring; and according to indicators related to geographical factors, frequency of transactions, connection with

typologies, location of FIs, etc.). The STRs accepted for processing are loaded into the information system for accounting, processing and analysis for further use in analytical activities.

2.1.3. Assessment of information sources and FIU capabilities

270. The participating countries were also asked to rate the sources of information used by FIUs in ML/TF investigations connected to tax and business crimes on a scale of 1 to 5, where 1 is a low level of relevance (compliance) and 5 is a high level of relevance. Based on the responses received, the average values of these assessments were calculated and presented in the figure below.

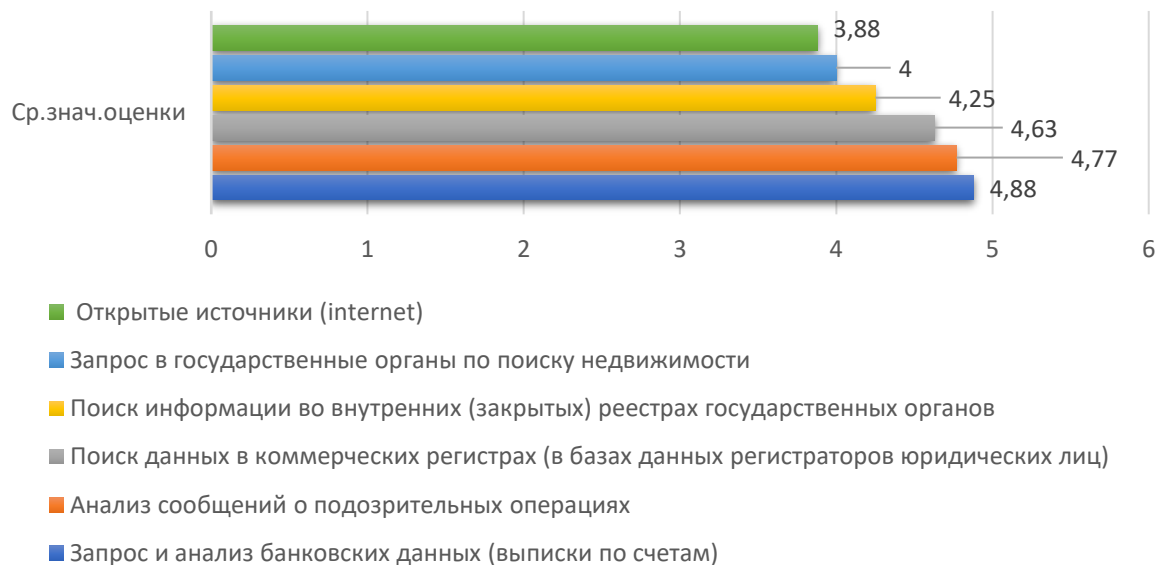


Figure 3. – Average assessments of information sources used by FIUs in ML/TF investigations connected to the crimes under consideration

Ср. знач. оценки – Average assessment

Открытые источники (internet) – Public sources (internet)

Запрос в государственные органы по поиску недвижимости – Request to the state authorities to search for real estate

Поиск информации во внутренних (закрытых) реестрах государственных органов – Search for information in internal (closed) registers of state bodies

Поиск данных в коммерческих регистрах (в базах данных регистраторов юридических лиц) – Search for data in commercial registers (in databases of registrars of legal entities)

Анализ сообщений о подозрительных операциях – Analysis of suspicious transaction reports

Запрос и анализ банковских данных (выписки по счетам) – Request and analysis of bank data (account statements)

271. Based on this chart, we can say that the opinion of FIUs of the participating countries is not entirely unambiguous. Consequently, this indicates that FIUs assess the relevance of information sources differently.

272. It is worth noting that the FIU of Turkmenistan mentioned another source of information: a request to foreign FIUs.
273. To assess the "big picture" of the use of information in investigations into ML cases connected to these crimes, the participating countries were asked to assess the key FIU capabilities that are most relevant in such investigations (see Figure 4).

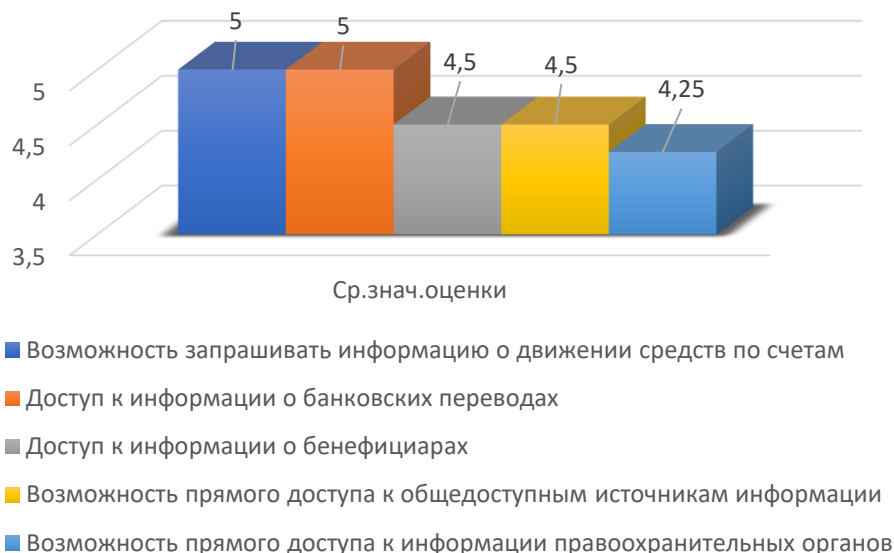


Figure 4. – Average assessments of FIU capabilities in investigations into ML/TF cases connected to these crimes

Ср. знач. оценки – Average assessment

Возможность запрашивать информацию о движении средств по счетам – Possibility of requesting information on the account movement

Доступ к информации о банковских переводах – Access to information on bank transfers

Доступ к информации о бенефициарах – Access to beneficiary information

Возможность прямого доступа к общедоступным источникам информации – Possibility of direct access to publicly available information sources

Возможность прямого доступа к информации правоохранительных органов – Possibility of direct access to law enforcement information

274. According to the data provided in the chart above, we can say that all FIUs of the participating countries consider requesting information on the account movement and obtaining access to bank transfers information their main capabilities stated in the research[†]. Which is logical, because this is the basis of each FIU's work.

2.1.4. Objectives, plans and next steps

275. To summarize this paragraph, let us present the information received from FIUs regarding what objectives/plans related to countering ML/TF connected to these crimes were set/developed (including, for example, training, learning, implementation of modern analytical software, etc.).
276. **The Kyrgyz FIU** developed an annual plan and holds ongoing training events, including the Training Plan provided by the ITMCFM.

[†] In constructing the charts we used the data of those FIUs that provided answers to the relevant questions.

277. **The Kazakh FIU** developed a comprehensive plan to combat the shadow economy for 2021-2023.
278. There is also a plan of measures for the project entitled "Combating Pyramid Schemes" for 2021-2022.
279. The draft entitled "Financial Monitoring Development Concept of the Republic of Kazakhstan for 2022-2026" is at the development stage.
280. In this matter, **the Belarusian FIU** is guided solely by the results of the national ML/TF risk assessment (a summary is available on the websites of all government agencies that are part of the national AML/CFT system).
281. **The Mongolian FIU** noted that it is working to officially introduce the goAML software developed for the FIU of Mongolia in 2022.
282. The UN Office on Drugs and Crime (UNODC) developed the goAML software application specifically for FIUs to improve countries' AML/CFT capacity and bring their AML/CFT operations in line with international standards. The goAML software application is designed to collect data, conduct rule-based analysis and risk assessments, provide recommendations to law enforcement agencies and provide information promptly.
283. A key feature of the goAML application is that the data collection component allows reporting entities to submit information and reports (STRs, CTRs, FSTRs) electronically. Reports can be submitted offline (XML data exchange, e.g. email attachments, CDs, hard drives, etc.), online (by directly downloading XML data messages) or by filling out and submitting an online form available on the FIU website. If the report is submitted to the FIU in writing, the information may be entered manually by the FIU.
284. **Russian FIU:** training, introduction of modern analytical software and tools.
285. According to information received from **the FIU of Turkmenistan**, regular training events are held to improve the effectiveness of the unit's analysts.
286. **The FIU of Uzbekistan** initiates a large number of training events for representatives of supervisory authorities and the private sector, which are held in the form of workshops, webinars, trainings and round tables. In 2020, 20 such events were held, in 2019 – 9, in 2018 – 8 and in 2017 – 7.

2.2. ML typologies/cases connected to these crimes

287. Let us consider some of the typologies/cases of money laundering connected to tax crimes and business crimes provided by the research participants. The typologies/cases are presented in [Annex 4](#).

2.3. ML methods/tools connected to these crimes

288. Let us consider the typical methods of legalization of proceeds of these crimes according to the FIUs of the participating countries.
289. According to **the Belarusian FIU**, the most typical way of laundering money obtained from committing these crimes is registration of fictitious financial and economic transactions. It was also noted that the Investigative Committee identified the following methods: purchase of expensive real estate, cars; repayment of money on allegedly previously obtained loans; financing of commercial projects.
290. According to the assessment of **the FIU of Kazakhstan**, the following methods of money laundering are most widespread:
- Tax crimes:
 - Acquisition of movable and immovable property;
 - Acquisition of shares in foreign companies.

- Business crimes:
 - Acquisition of movable and immovable property;
 - Acquisition of shares in foreign companies;
 - Signing acts of work performed by contractors for more money, for less work and services than specified in public procurement contracts;
 - Interaction with fake companies for the purpose of cashing out stolen budget funds;
 - Money laundering by purchasing goods and property for personal use and registering them in the name of third parties.
291. **The FIU of Kyrgyzstan** identified legalization through foreign economic activity as the most typical way of laundering money obtained from tax crimes, and from business crimes - legalization through the creation of pyramid schemes.
292. **The FIU of China** identified the following typical methods of legalization of criminal proceeds obtained from:
- Tax crimes:
 - Forging, fraudulently using and borrowing someone else's identity to register companies. Hiring "assistants" who take responsibility for official company transactions in order to cover up the main conspirator operating "behind the scenes";
 - Some fraudulent corporations cancel their registrations and disappear after committing crimes in as little as two or three months, or even in one month;
 - As new industries such as cross-border e-commerce, market purchases and integrated foreign trade services are booming, the risks of counterfeiting special VAT invoice and tax fraud are increasing.
 - Business crimes:
 - Investing in companies for the purpose of acquiring shares;
 - Transfer of illicit funds abroad through various channels, such as the transfer of the proceeds of crime to foreign accounts through shadow banks;
 - Transfer of illicit proceeds abroad through fictitious trade and using other methods;
 - There is a clear division of accounts used. Receivable accounts collect and distribute funds through "dispersed deposits and concentrated withdrawals"; intermediate accounts use "fast receipts, fast withdrawals and frequent receipts and payments" to transit and distribute funds; and payable accounts regularly pay interest to investors through intensive deposits and dispersed withdrawals.
293. According to **the FIU of Russia**, the most typical methods of legalization of the proceeds of tax crimes are the following:
- Use in commercial activities, introduction into the financial and economic turnover;
 - Issuance of fictitious loans;
 - Creation of a chain of the funds movement on sham grounds followed by cashing out or acquisition of property;
294. The most typical methods of legalization of the proceeds of business crimes are the following:
- Use in commercial activities, introduction into financial and
 - economic turnover;

- Illegal cash-out;
 - Falsification of financial documents, use of shell companies to justify payments, carrying out banking activities, entrepreneurial activities (provision of services, supply of goods) without a license or permit;
 - Transfer of funds between natural persons under fictitious contracts (loans, services, etc.);
 - Transfer of funds to the accounts of affiliated organizations, individual entrepreneurs and natural persons;
 - Transfer to non-resident accounts followed by transfer to the accounts of beneficiaries of illegal schemes, as well as the purchase of immovable property abroad and expensive goods.
295. According to **the FIU of Tajikistan**, the following are the most widespread methods of money laundering obtained from tax crimes and business crimes:
- Tax crimes:
 - Increasing the authorized fund;
 - Receipt of money through the cashier's office of the enterprise;
 - Conclusion of loan agreements between a legal entity and a founder;
 - Business crimes:
 - Purchase of real estate. Further investment in the business expansion.
296. **The FIU of Turkmenistan** identified the following as typical methods of laundering money obtained from tax crimes:
- When an economic entity pays its employees in cash;
 - The use of current accounts, seals, primary accounting documents and other details of pseudo-entrepreneurial entities (shell companies, front companies) under their control);
 - Financial profits derived from non-payment or incomplete payment of taxes, is reflected in accounting records as profit from commercial transactions and, as a consequence, illegal profits are mixed with legitimate profits;
 - Contribution of funds illegally obtained from criminal activities in the form of shares in the formation of statutory funds of other entities;
 - Transfer of funds to the accounts of controlled companies under the guise of financial loans.
297. According to **the FIU of Uzbekistan**, legalization of income obtained from *tax crimes*, most often occurs as follows: the current account of LLC receives money for one type of goods, while these funds are transferred to other LLC for other readily marketable goods. At the same time, the real turnover of LLC is reflected in tax reports in a significantly reduced amount. Thus the tax base is understated.
298. In this case, the most typical method of laundering the proceeds of *business crimes* is engaging in illegal activities to raise funds and (or) other property of natural and legal persons by assuming obligations to provide property benefit, in which previously assumed obligations are secured at the expense of newly raised funds and (or) other property of natural and legal persons, as well as managing and ensuring such activities and advertising in order to involve in these activities, including the use of the media or telecommunications networks, such as the Internet.

299. Based on the answers of the participating countries to the question: What types of businesses have been most frequently used for ML connected to these crimes, it can be said that these are limited liability companies and sole proprietorships.
300. According to the majority, in the crimes under consideration, payments are made both in cash and non-cash.
301. Besides, in the legalization of the proceeds of these crimes, as noted by most of FIUs, companies with indicators of shell companies and gray companies (engaged in legal and near-legal activities) are most often used.
302. We would like to draw your attention to the fact that, when asked whether there are cases of the use in ML schemes connected to these crimes of non-resident companies and companies registered in other jurisdictions, the majority noted that there were such cases, including companies from the EAG jurisdictions.
303. The participating countries were asked to consider a number of methods/tools that could be used to legalize the proceeds of these crimes, with the following answer options: **often, rarely, occasionally, never.**
304. Based on the answers provided, we can say that the following methods of laundering money obtained from *tax crimes* are the most common in the participating countries:
- Case studies of the use of overpricing/underpricing in criminal schemes;
 - Schemes with the use of fictitious document turnover in order to commit ML connected to these crimes or other predicate offences (in particular, VAT-related schemes);
 - In ML schemes connected to these crimes or other predicate offences, there are cases when, for any illegal purposes, the funds are transferred through a chain of firms having indicators of shell companies;
 - Transactions related to cash withdrawals, including the purchase of cash currency;
 - Similar amounts received to the account and withdrawn from the account, i.e. the transit nature of transactions.
305. The following methods are less common:
- In the case of a tax crime under the condition of conducting economic and financial turnover, the activity is carried out without being reflected in the accounting records;
 - A scheme of withdrawing money to the accounts of foreign organizations as payment for goods or services;
 - Concealment of the amount of real proceeds from the sale of goods / works / services as a special case of these crimes;
 - Acquiring movable/real estate in/out of the country, premium jewelry and luxury items (collectible coins, sea vessels, etc.);
 - Use of loans with subsequent transfer of funds to offshore companies in repayment of those loans;
 - Transfer of money under the guise of payment for goods allegedly received;
 - State registration carried out immediately prior to transactions;
 - "Mass" (10 or more cases) participant (applicant, founder, head)
306. Rarely there are such methods as:
- Schemes aimed at illegal VAT refund;

- How often the non-availability of documents for goods is considered in your jurisdiction as an indicator of possible ML connected to these crimes or other predicate offences (for example, in VAT-related schemes);
- Transfer of money to controlled companies located abroad under the guise of paying for goods with subsequent repayment in the form of loans;
- Failure to submit tax and accounting statements;
- Designation of the head (participant, founder) in the wanted list.

307. Occasionally:

- Acquisition of goods, content, shares, crypto/virtual assets/currencies and services on the Internet.

308. Let us also note the most common ways to legalize the proceeds of *business crimes* according to the FIUs of the participating countries:

- In the case of committing this crime under the condition of conducting economic and financial turnover, how often the activity is carried out without being reflected in the accounting records;
- Case studies of the use of overpricing/underpricing in schemes of committing these crimes;
- Schemes involving the use of a fictitious document turnover for the purpose of ML connected to these crimes or other predicate offenses (in particular, VAT-related schemes);
- Transactions related to cashing out, including the purchase of cash currency;
- Transfer of money under the guise of payment for goods allegedly received;
- Similar amounts received to the account and withdrawn from the account, i.e. the transit nature of transactions;

309. Less common are the following methods:

- In ML schemes connected to these crimes or other predicate offences, there are cases when, for any illegal purpose, the funds are transferred through a chain of firms having indicators of shell companies;
- Submission of zero tax and accounting statements;

310. Rarely there are such methods as:

- Schemes aimed at illegal VAT refund;
- Investment of criminal income in the establishment (division) of enterprises or contribution of funds to the charter capital of legal entities, including those located in third countries;
- Transfer of money to controlled companies located abroad under the guise of payment for goods followed by repayment in the form of loans;
- Conclusion of leasing contracts with overstated cost of leasing services with non-resident lessors

311. Occasionally:

- Acquisition of goods, content, shares, crypto/virtual assets/currencies and services online.

312. Based on the above, summarizing this information, we can make a "matrix", which will reflect the methods of laundering money obtained from both tax crimes and business crimes, as well as the frequency of their use (see Fig. 5). This "matrix" can be used as a kind of indicator of the most typical methods/tools of ML connected to these crimes.

ОД от налоговых преступлений и от преступлений в сфере предпринимательской деятельности	изредка	приобретение товаров, контента, акций, крипто/виртуальных активов/валют и услуг в сети Интернет			
	редко	схемы, нацеленные на незаконное возмещение НДС	перечисление денег в подконтрольные компании расположенные за рубежом под видом оплаты товаров с последующим возвратом в виде займов		
ОД от налоговых преступлений	часто	схемы с использованием фиктивного документа оборота в целях совершения ОД от данных преступлений или иных предикатных преступлений (в частности схемы, связанные с НДС)	случаи использования в схемах при совершении преступлений практические примеры использования практики завышения/занижения цен	операции, связанные с обналичиванием, включая покупку наличной валюты	в схемах ОД от данных преступлений или иных предикатных преступлений случаи, когда в каких-либо незаконным целях
ОД от преступлений в сфере предпринимательской деятельности					денежные средства перечисляются через цепочку фирм имеющих признаки однодневок *

Figure 5. – "Matrix" of common methods/tools of laundering money obtained from these crimes

ОД от налоговых преступлений и от преступлений в сфере предпринимательской деятельности – ML connected to tax crimes and business crimes

ОД от налоговых преступлений – ML connected to tax crimes

ОД от преступлений в сфере предпринимательской деятельности – ML connected to business crimes

изредка – Occasionally

редко – Rarely

часто – Often

приобретение товаров, контента, акций, крипто/виртуальных активов/валют и услуг в сети Интернет – Acquisition of goods, content, shares, crypto/virtual assets/currencies and services on the Internet

схемы, нацеленные на незаконное возмещение НДС – Schemes aimed at illegal VAT refund

перечисление денег в подконтрольные компании расположенные за рубежом под видом оплаты товаров с последующим возвратом в виде займов – Transferring money to controlled companies located abroad under the guise of payment for goods with subsequent repayment in the form of loans

схемы с использованием фиктивного документа оборота в целях совершения ОД от данных преступлений или иных предикатных преступлений (в частности схемы, связанные с НДС) – Schemes involving the use of a fictitious document turnover for the purpose of committing ML connected to these crimes or other predicate offenses (in particular, VAT-related schemes)

случаи использования в схемах при совершении преступлений практические примеры использования практики завышения/занижения цен – Case studies of the use of overpricing/underpricing in criminal schemes

операции, связанные с обналичиванием, включая покупку наличной валюты – Transactions involving cash withdrawals, including the purchase of currency in cash

в схемах ОД от данных преступлений или иных предикатных преступлений случаи, когда в каких-либо незаконным целях денежные средства перечисляются через цепочку фирм имеющих признаки однодневок –*

In ML schemes or other predicate offences, cases where, for any illegal purpose, funds are transferred through a chain of firms having indicators of shell companies.*

313. It should be noted why the method/tool specified in the table cell that says "in ML schemes connected to these crimes or other predicate offences in cases when, for any illegal purposes, funds are transferred through a chain of firms having indicators of shell companies" is divided into different colors. This is due to the fact that, based on the summarized information received from the FIUs of the participating countries, the analysis of this method showed that in ML connected to business crimes this tool/method is used less frequently than in the commission of tax crimes.

314. Please also note that the analysis of the information provided in this research was conducted on the basis of available information. In this regard, there is a margin of error in the generalized conclusions.

2.4. Second Section Findings

315. This Section provides an introduction to the general principles of countermeasures against money laundering connected to these crimes taken by the FIUs of the participating countries.

316. A comparative analysis of the available information provided by the participating countries allows to see similarities and differences in approaches to addressing this issue.

317. For example, the similarity in the indicators of suspicious transactions suggesting the commission of these crimes gives reason to assume that the general theme of this section is relevant to FIUs. The most typical methods/tools of committing these crimes proceed from general suspicion indicators. This information can further be used to take appropriate actions and measures to minimize the scale of these crimes.

318. At the same time, it was noted above that the majority of the participating countries responded that to date there have been cases of non-resident companies and companies registered in other jurisdictions, including EAG countries, being used in ML schemes connected to these crimes. Therefore, the information contained in this section can also provide an opportunity to study the basic methods/tools for committing these crimes in other participating countries and also use this in their work.

319. Typologies of these crimes and examples of interesting financial investigations were provided, which are expected to be useful for the FIUs of the participating countries, including for strengthening the fight against money laundering (legalization) of proceeds of these crimes.

320. This Section also provides an introduction to the tools, analytical methods, and software used by FIUs to analyze ML/TF cases connected to these crimes, including the cash flows tracking and visualization. This information is important as part of the international exchange of experience.

CONCLUSION

321. According to the research results, it can be argued that it is highly relevant for the majority of the participating countries.
322. In the course of the research, the legislation of the participating countries in the field of combating these crimes and the way it is implemented was studied, the indicators of suspicious transactions suggesting the commission of these crimes were considered, the specificities of financial investigations related to the legalization of proceeds of these crimes, as well as general trends in combating legalization of proceeds of these crimes and specific tools/methods of committing them were studied.
323. Most of the countries that participated in the research have separate legal systems that allow for different, yet effective, responses to these crimes. In some countries, pre-trial procedures for combating these crimes play a greater role, and in some countries, judicial procedures for combating these crimes are more prevalent.
324. The following main factors affecting the effectiveness of detection and investigation of these crimes were identified: 1) information source quality; 2) speed of implementation of investigation stages; 3) availability and use of algorithms/methods of detection and investigation; 4) availability of legal mechanisms allowing for the prompt and effective detection and investigation of this crime; 5) quality and prompt international cooperation.
325. The specific elements of indicators of these crimes include the following: 1) concealment of income; 2) falsification of relevant documents (e.g. invoices); 3) establishing shell companies; 4) goods/services overpricing; 5) concealment of goods from customs control, etc. For more details, see [Annex 2](#).
326. In the course of the research, the most interesting cases and typologies related to combating the crimes under consideration and combating the laundering of proceeds of these crimes were provided. A new trend in the field of business crime was detected in the creation of "global" pyramid schemes by attracting potential victims through the Internet with high-risk assets such as virtual assets.
327. It was also found that such ML methods/tools as fictitious document turnover (forged documents), overpricing/underpricing, cash currency and shell companies are most commonly used by criminals in this area.
328. We would like to note that many of the issues raised in the research are very significant because, as a rule, tax crimes and business crimes are the most massive, and in this regard, combating them is of a constant nature.
329. The results of this research can be used as:
- An information base to compare and contrast the development level of the system of counteraction to these crimes in one country with other countries and determine the development vector based on the best practices used by other jurisdictions.
 - A simple and accessible data analysis model, which can give a start to more in-depth statistical research in this area.
 - A systematic product concerned with all aspects related to these crimes, as well as to the process of combating the laundering of money obtained from these crimes.
330. In conclusion, we would like to thank all the EAG member states and observers for their participation in the research.

Annex 1

Terms of punishment/amount of fine established for tax crimes and entrepreneurial crimes depending on the type of crime and degree of severity.

Type of crime	Degree of severity	Term of punishment	Amount of fine
KYRGYZSTAN			
Tax crimes:			
1. Manufacture of mandatorily excisable products without excise stamps	On a large scale	Or imprisonment for up to 5 years	1,000 to 2,000 calculated values ("CV")
2. Evasion of customs payments	Absent any indications of economic smuggling		300 to 600 CV, with disqualification from holding certain positions or engaging in certain activities for up to 1 year
	On a large scale	Or imprisonment for up to 2 years	Disqualification from holding certain positions or engaging in certain activities for up to 3 years, or a fine of 500 to 1,000 CV
	On an especially large scale	Imprisonment for 2 to 5 years, with or without disqualification from holding certain positions or engaging in certain activities for up to 3 years	1,000 to 2,000 CV
3. Evasion of tax and (or) other mandatory payments to the budget	On a large scale	Or imprisonment for up to 2 years	Disqualification from holding certain positions or engaging in certain activities for up to 3 years or correctional labour for 2 months to 1 year, or a fine of 500 to 1,000 CV
	On an especially large scale	Imprisonment for 2 to 5 years, with or without disqualification from holding certain positions or engaging in certain activities for up to 3 years	1,000 to 2,000 CV
4. Evasion of tax and (or) other mandatory payments to the budget by organisations	On a large scale	Disqualification from holding certain positions or engaging in certain activities for up to 3 years or correctional labour for 2 months to 1 year, or imprisonment for up to 2 years	500 to 1,000 CV
	On an especially large scale	Imprisonment for 2 to 5 years, with or without disqualification from holding	1,000 to 2,000 CV

		certain positions or engaging in certain activities for up to 2 years	
Entrepreneurial crimes:			
1. Illegal entrepreneurial or banking activity	On a large scale		Community service for 40 to 100 hours or a fine of 200 to 300 CV
	On an especially large scale		Community service for 100 to 300 hours or with disqualification from holding certain positions or engaging in certain activities for up to 2 years, or correctional labour for 1 year to 2 years, or a fine of 500 to 1,000 CV
2. Pseudo-entrepreneurship	On a large scale	Or imprisonment for up to 2 years	Correctional labour for 1 year to 3 years, or a fine of 500 to 1,000 CV
	On an especially large scale	Imprisonment for 2 to 5 years	1,000 to 2,000 CV
3. Organisation of pyramid schemes	On a large scale	imprisonment for 3 to 5 years	
	On an especially large scale	Imprisonment for 5 to 8 years, with confiscation of property	
4. Monopolistic behaviour and restriction of competition	On a large scale	Or imprisonment for up to 5 years	1,000 to 2,000 CV
	On an especially large scale	Imprisonment for 5 and 8 years	
5. Illegal use of means of individualisation of goods (works, services)	Significant damage (use of another's trade mark...)	Imprisonment for up to 2 years	500 to 1,000 CV
	Significant damage (use of warning marking...)		1,000 to 2,000 CV
6. Illegal take-over		Or imprisonment for up to 2 years	500 to 1,000 CV
	By a group of persons (and acting in collusion)	Imprisonment for 2 to 5 years	1,000 to 2,000 CV
	If committed by an official	Imprisonment for 5 to 8 years with disqualification from holding certain positions or engaging in certain activities for up to 3 years.	
7. Insider trading in the securities market		Or imprisonment for up to 2 years	500 to 1,000 CV
	On an especially large scale	Or imprisonment for 2 to 5 years	1,000 to 2,000 CV
8. Economic smuggling		Correctional labour for 2 months to 1 year	1,000 to 1,200 CV with disqualification from holding certain positions or engaging in certain activities for up to 1 year

	On a large scale	Imprisonment for up to 2 years, with disqualification from holding certain positions or engaging in certain activities for up to 2 years	Correctional labour for 2 to 3 years, or a fine of 1,200 to 1,500 CV
	On an especially large scale	Or imprisonment for 2 to 5 years, with disqualification from holding certain positions or engaging in certain activities for up to 3 years	1,500 to 2,000 CV
9. Forgery of documents	Committed by an organised (transborder) group or as part of a criminal organisation	Imprisonment for 5 to 10 years, with confiscation of property	
		Imprisonment for 2 to 5 years	500 to 1,000 CV
	To cover up another crime or facilitate its commission	Imprisonment for 5 to 8 years	
10. Abuse of power in a commercial or other organisation	Significant damage	Community service for 40 to 100 hours, or disqualification from holding certain positions or engaging in certain activities for up to 3 years, or correctional labour for 2 months to 1 year	1,000 to 1,200 CV
	Severe damage	Imprisonment for up to 2 years	Disqualification from holding certain positions or engaging in certain activities for up to 3 years, or correctional labour for 1 to 3 years, or a fine of 1,200 to 1,500 CV
	Severe damage	Imprisonment for 5 to 10 years, with confiscation of property, with disqualification from holding certain positions or engaging in certain activities for up to 3 years	
11. Misappropriation or embezzlement (of entrusted property)	On an insignificant scale		200 to 500 CV
	On a significant scale	Or imprisonment for up to 3 years	Correctional labour for 2 months to 1 year, or a fine of 500 to 1,000 CV
	On a large scale	Imprisonment for 3 to 5 years, with confiscation of property	1,000 to 2,000 CV, with disqualification from holding certain positions or engaging in certain activities for up to 3 years
	On an especially large scale	Imprisonment for 5 to 10 years with confiscation of property, with	

		disqualification from holding certain positions or engaging in certain activities for up to 3 years	
BELARUS			
Tax crimes:			
1. Manufacture of mandatorily excisable products without excise stamps – Article 261-1 of the Criminal Code of the Republic of Belarus (“Belarusian Criminal Code”) (manufacture, sale or use of forged excise stamps of the Republic of Belarus)			
Part 1 of Article 261-1 of the Belarusian Criminal Code – manufacture for the purpose of selling or sale of forged excise stamps of the Republic of Belarus	Does not pose a grave social danger	Community service for 60 to 360 hours, or a fine, or correctional labour for up to 2 years, or imprisonment for the same term	300 to 5,000 base values (equivalent to \$3.7 thousand to \$61.5 thousand)
Part 2 of Article 261-1 of the Belarusian Criminal Code – use of knowingly forged excise stamps of the Republic of Belarus	Less severe	Fine, or correctional labour for up to 2 years, or imprisonment for up to 3 years	Same
Part 3 of Article 261-1 of the Belarusian Criminal Code – the acts under Parts 1 and 2 committed repeatedly or by an organised group	Less severe	Fine or imprisonment for 3 to 5 years	Same
2. Evasion of customs payments – Article 231 of the Belarusian Criminal Code (evasion of payments charged by the customs authorities)			
Part 1 of Article 231 of the Belarusian Criminal Code – evasion of customs payments on a large scale	Less severe	Fine, or disqualification from holding certain positions or engaging in certain activities for 1 year to 5 years, or correctional labour for up to 2 years, or arrest for up to 3 months, or imprisonment for up to 3 years	Same
Part 2 of Article 231 of the Belarusian Criminal Code – the same act committed repeatedly or by a group of persons acting in collusion	Less severe	Fine, or restriction of freedom for up to 5 years, or imprisonment for up to 6 years	Same
3. Evasion of tax and (or) other mandatory payments to the budget, evasion of tax and (or) other mandatory payments to the budget by organisations – Article 243 of the Belarusian Criminal Code (evasion of taxes, duties)			
Part 1 of Article 243 of the Belarusian Criminal Code – evasion of taxes, duties by concealing, knowingly understating the taxable base, evasion of filing tax returns (computation) or making deliberate misrepresentations in the same that caused significant damage	Less severe	Fine, or disqualification from holding certain positions or engaging in certain activities for 1 year to 5 years, or arrest for up to 3 months, or restriction of freedom for up to 1 year, or imprisonment for up to 3 years with a fine	Same
Part 2 of Article 243 of the Belarusian Criminal Code – the same act that caused damage on a large scale	Severe	Restriction of freedom for up to 5 years or imprisonment for 3 to 7 years with a fine and with or without disqualification from	Same

		holding certain positions or engaging in certain activities for 1 year to 5 years	
Part 3 of Article 243 of the Belarusian Criminal Code – the same act that caused damage on an especially large scale	Severe	Imprisonment for 5 to 12 years with a fine and with or without disqualification from holding certain positions or engaging in certain activities for 1 year to 5 years	Same
4. Concealment of funds or property of the organisation or individual entrepreneur which are supposed to be used to pay taxes, duties, insurance premiums – Article 243-1 of the Belarusian Criminal Code (evasion of duties of the tax agent aimed at transferring taxes, duties), Article 243-3 of the Belarusian Criminal Code (evasion of insurance premiums).			
Part 1 of Article 243-1 of the Criminal Code – evasion of duties of the tax agent aimed at transferring taxes, duties to be calculated, to be withheld from the taxpayer and to be transferred to the budget, that caused damage on a large scale	Less severe	Fine, or disqualification from holding certain positions or engaging in certain activities for 1 year to 5 years, or arrest for up to 3 months, or restriction of freedom for up to 3 years, or imprisonment for up to 3 years with a fine	Same
Part 2 of Article 243-1 of the Criminal Code – the same act that caused damage on an especially large scale	Severe	Restriction of freedom for up to 5 years or imprisonment for 3 to 7 years with a fine and with or without disqualification from holding certain positions or engaging in certain activities for 1 year to 5 years	Same
Part 1 of Article 243-3 of the Criminal Code – wilful failure to charge and pay mandatory insurance premiums, premiums for professional pension insurance to the budget of a state non-budgetary social protection fund of the Republic of Belarus, that caused damage on a large scale	Less severe	Fine, or disqualification from holding certain positions or engaging in certain activities, or arrest for up to 3 months, or restriction of freedom for up to 2 years, or imprisonment for up to 3 years with a fine	Same
Part 1 of Article 243-3 of the Criminal Code – wilful failure to charge and pay mandatory insurance premiums, premiums for professional pension insurance to the budget of a state non-budgetary social protection fund of the Republic of Belarus, that caused damage on a large scale	Less severe	Fine, or disqualification from holding certain positions or engaging in certain activities, or arrest for up to 3 months, or restriction of freedom for up to 2 years, or imprisonment for up to 3 years with a fine	Same
Part 1 of Article 243-3 of the Criminal Code – wilful failure to charge and pay mandatory insurance premiums, premiums for professional pension insurance to the budget of a state non-budgetary social protection fund of the Republic of Belarus, that caused damage on a large scale	Less severe	Fine, or disqualification from holding certain positions or engaging in certain activities, or arrest for up to 3 months, or restriction of freedom for up to 2 years, or imprisonment for up to 3 years with a fine	Same
Part 1 of Article 243-3 of the Criminal Code – wilful failure to charge and pay mandatory insurance premiums, premiums for professional pension insurance to the budget	Less severe	Fine, or disqualification from holding certain positions or engaging in certain activities, or arrest for up to 3 months, or	Same

of a state non-budgetary social protection fund of the Republic of Belarus, that caused damage on a large scale		restriction of freedom for up to 2 years, or imprisonment for up to 3 years with a fine	
Part 2 of Article 243-3 of the Criminal Code – evasion of insurance premiums that caused damage on an especially large scale	Severe	Restriction of freedom for up to 5 years or imprisonment for 2 to 7 years with a fine or with disqualification from holding certain positions or engaging in certain activities for 1 year to 5 years	Same
Entrepreneurial crimes:			
1. Illegal entrepreneurial or banking activity – Article 233 of the Belarusian Criminal Code (entrepreneurial activity carried out without special permit (licence)).			
Part 1 of Article 233 of the Belarusian Criminal Code – entrepreneurial activity carried out without special permit (licence) when such special permit (licence) is obligatory, with the same associated with the generation of income on a large scale	Does not pose a grave social danger	Fine, or disqualification from holding certain positions or engaging in certain activities for 1 year to 5 years, or arrest for up to 3 months, or restriction of freedom for up to 2 years, or imprisonment for the same term with or without a fine	Same
Part 2 of Article 233 of the Belarusian Criminal Code – the act under Part 1 committed by a person previously convicted for a crime under Article 233 of the Belarusian Criminal Code, or with the same associated with the generation of income on an especially large scale	Less severe	Fine, or restriction of freedom for up to 5 years, or imprisonment for up to 5 years with or without a fine and with or without disqualification from holding certain positions or engaging in certain activities for 1 year to 6 years	Same
Part 3 of Article 233 of the Belarusian Criminal Code – the acts under Parts 1 or 2 of Article 233 of the Belarusian Criminal Code committed by an organised group	Severe	Fine or imprisonment for 2 to 7 years with a fine and with or without disqualification from holding certain positions or engaging in certain activities for 1 year to 5 years	Same
2. Organisation of pyramid schemes – Part 2 of Article 233 of the Belarusian Criminal Code (entrepreneurial activity carried out without special permit (licence), with the same associated with the raising of funds, electronic money or other property of citizens if the income is paid or the funds, electronic money or other property are returned, in full or in part, through the raised funds, electronic money or other property of other citizens (see para. 1 for sanctions))			
3. Monopolistic behaviour and restriction of competition – Article 245 of the Belarusian Criminal Code (fixing and supporting monopolistic prices).			
Part 1 of Article 245 of the Belarusian Criminal Code – fixing or supporting monopolistic prices through collusion in the co-market involving individual entrepreneurs or officials of legal entities	Does not pose a grave social danger	Fine, or disqualification from holding certain positions or engaging in certain activities for 1 year to 5 years, or arrest for up to 3 months, or restriction of freedom for up to 2 years	Same
Part 2 of Article 245 of the Belarusian Criminal Code – fixing or supporting monopolistic prices associated with the use of coercion or violence against competitors	Severe	Fine, or restriction of freedom for 3 to 5 years, or imprisonment for 3 to 7 years with or without a fine and with or without disqualification from holding certain	Same

		positions or engaging in certain activities for 1 year to 5 years	
4. Insider trading in the securities market – Article 226-3 of the Belarusian Criminal Code (securities market manipulation).			
Article 226-3 of the Belarusian Criminal Code – actions (omission) that significantly impact demand for a security and (or) supply for a security, the market price of a security or the trading volume of a security, which is legally recognised as acts of securities market manipulation that caused damage on a large scale	Less severe	Fine, or arrest for up to 3 months, or restriction of freedom for up to 3 years, or imprisonment for the same term with or without disqualification from holding certain positions or engaging in certain activities for 1 year to 5 years	Same
5. Smuggling of goods – Article 228 of the Belarusian Criminal Code (smuggling), Article 228-1 of the Belarusian Criminal Code (illegal movement of goods across the customs border).			
Part 1 of Article 228 of the Belarusian Criminal Code – illegal movement of goods across the EAEU customs border on a large scale, while these goods are prohibited or restricted from such movement (except for illegal movement of drugs, psychotropic substances or their precursors or analogues, potent, poisonous, toxic substances, radioactive materials, weapons, military equipment, criminalised under Articles 328-1 and 333-1 of the Belarusian Criminal Code)	Less severe	Fine, or restriction of freedom for up to 3 years, or imprisonment for the same term	Same
Part 2 of Article 228 of the Belarusian Criminal Code – illegal movement of cash or cash instruments across the EAEU customs border on a large scale	Less severe	Fine, or restriction of freedom for 2 to 5 years, or imprisonment for the same term	Same
Part 3 of Article 228 of the Belarusian Criminal Code – the acts under Parts 1 or 2 of Article 228 of the Belarusian Criminal Code committed by a group of persons acting in collusion, or repeatedly, or committed by a person who previously committed crimes under Articles 328-1 and 333-1 of the Belarusian Criminal Code, or by an official through abuse of office, or committed through the use of violence against a person performing a customs or border inspection	Severe	Imprisonment for 5 to 10 years with or without a fine	Same
Part 4 of Article 228 of the Belarusian Criminal Code – the acts under Parts 1, 2, or 3 of Article 228 of the Belarusian Criminal Code committed by an organised group	Severe	Imprisonment for 7 to 12 years with or without a fine	Same
Part 1 of Article 228-1 of the Belarusian Criminal Code – movement of goods across the EAEU customs border beyond legally designated places or out-of-work hours of the customs authorities in these places provided that there	Does not pose a grave social danger	Fine, or arrest, or restriction of freedom for up to 2 years, or imprisonment for the same term	Same

are no indications of a crime under Article 228 of the Belarusian Criminal Code committed over the course of a year after an administrative fine was imposed for the same crime			
Part 2 of Article 228-1 of the Belarusian Criminal Code – illegal movement of goods across the customs border committed by a person previously convicted for crimes under Article 228-1 of the Belarusian Criminal Code or Article 228 of the Belarusian Criminal Code	Less severe	Fine, or arrest for up to 3 months, or restriction of freedom for up to 3 years, or imprisonment for the same term	Same
Part 3 of Article 228-1 of the Belarusian Criminal Code – illegal movement of goods across the customs border committed by an organised group.	Less severe	Restriction of freedom for up to 5 years or imprisonment for 2 to 5 years	
6. Forgery of documents – Article 380 of the Belarusian Criminal Code (forgery, manufacture, use or sale of forged documents, stamps, seals, letterheads), Article 427 of the Belarusian Criminal Code (forgery in office)*. * – crimes under Article 380 of the Belarusian Criminal Code are classified as crimes against administrative order; Article 427 of the Belarusian Criminal Code – as crimes against the interests of service.			
Part 1 of Article 380 of the Belarusian Criminal Code – forgery of an ID card or other official document that grants rights or releases from obligations, for this document to be used by the perpetrator or another person, or sale of such a document, or manufacture of forged stamps, seals, letterheads for the same purposes, or sale thereof, or use of a knowingly forged document	Does not pose a grave social danger)	Community service for 60 to 360 hours, or a fine, or correctional labour for up to 2 years, or arrest for up to 3 months, or restriction of freedom for up to 3 years	30 to 1,000 base values (equivalent to \$370 to \$12.3 thousand)
Part 2 of Article 380 of the Belarusian Criminal Code – the same acts committed repeatedly or by a group of persons acting in collusion	Less severe	Fine, or arrest, or restriction of freedom for up to 5 years, or imprisonment for up to 3 years	Same
Part 1 of Article 427 of the Belarusian Criminal Code – making deliberate misrepresentations and records in official documents, forgery of documents, or execution and issuance of knowingly forged documents committed out of mercenary or other personal interest, committed by an official or other authorised person	Does not pose a grave social danger	Fine, or disqualification from holding certain positions or engaging in certain activities for 1 year to 5 years, or correctional labour for up to 2 years, or restriction of freedom for the same term, or imprisonment for up to 2 years	300 to 5,000 base values (equivalent to \$3.7 thousand to \$61.5 thousand)
7. Abuse of power in a commercial or other organisation – Article 424 of the Belarusian Criminal Code (abuse of power or office)*. * – crimes under Article 424 of the Belarusian Criminal Code are classified as crimes against administrative order.			
Part 2 of Article 424 of the Belarusian Criminal Code – deliberate – against the interests of service – commission of acts by an official out of mercenary or other personal interest through abuse of office that caused damage on a	Less severe	Imprisonment for 2 to 6 years with or without a fine and with disqualification from holding certain positions or engaging in certain activities for 1 year to 5 years	Same

large scale or significant damage to the rights and legitimate interests of citizens or state or public interests			
Part 3 of Article 424 of the Belarusian Criminal Code – acts committed by an official holding an important position or that entailed grave consequences	Severe	Imprisonment for 3 to 10 years with or without a fine and with disqualification from holding certain positions or engaging in certain activities for 1 year to 5 years	Same
8. Misappropriation or embezzlement (of entrusted property) – Article 211 of the Criminal Code (misappropriation or embezzlement)*. * – crimes under Article 211 of the Criminal Code are classified as crimes against property			
8. Misappropriation or embezzlement (of entrusted property) – Article 211 of the Criminal Code (misappropriation or embezzlement)*. * – crimes under Article 211 of the Criminal Code are classified as crimes against property			
Part 1 of Article 211 of the Belarusian Criminal Code – misappropriation or embezzlement committed by a person to whom it is entrusted	Less severe	Disqualification from holding certain positions or engaging in certain activities for 1 year to 5 years with a fine, or arrest for up to 4 months with or without a fine, or restriction of freedom for up to 4 years with or without a fine, or imprisonment for up to 4 years with or without a fine and with or without disqualification from holding certain positions or engaging in certain activities for 1 year to 5 years	30 to 1,000 base values (equivalent to \$370 to \$12.3 thousand)
Part 2 of Article 211 of the Belarusian Criminal Code – the same acts committed repeatedly or by a group of persons acting in collusion	Less severe	Restriction of freedom for 2 to 5 years or imprisonment for 2 to 5 years with or without a fine and with or without disqualification from holding certain positions or engaging in certain activities for 1 year to 5 years	Same
Part 3 of Article 211 – the acts under Parts 1 or 2 of Article 211 of the Belarusian Criminal Code committed on a large scale	Severe	Restriction of freedom for 2 to 5 years or imprisonment for 2 to 7 years with or without a fine and with disqualification from holding certain positions or engaging in certain activities for 1 year to 5 years	Same
Part 4 of Article 211 of the Belarusian Criminal Code – the acts under Parts 1, 2 or 2 of Article 211 of the Belarusian Criminal Code committed by an organised group or on an especially large scale	Severe	Imprisonment for 3 to 12 years with a fine and with disqualification from holding certain positions or engaging in certain activities for 1 year to 5 years	Same

KAZAKHSTAN			
Tax crimes:			
Type of crime	Degree of severity	Term of punishment	Amount of fine
1. Article 216 of the Criminal Code “Acts aimed at issuing a tax invoice without actually performing any works, providing any services, delivering any goods” Illegal take-over committed by a person authorised to discharge state functions, or by an equal-status person, or by an official, or by a person holding an important public position, if these are associated with his duties of office	Parts 1, 2 of the Article – crime of medium gravity; Part 3 of the Article – grave crime	Imprisonment for up to 7 years with confiscation of property, with or without life-long disqualification from holding certain positions or engaging in certain activities	Up to 5,000 monthly calculated values (“MCV”)
2. Article 244 of the Criminal Code “Evasion of tax and (or) other mandatory payments to the budget by a citizen” Misappropriation or embezzlement of entrusted property of another committed by a person authorised to discharge state functions, or by an equal-status person, or by an official, or by a person holding an important public position, if these are associated with his duties of office	Crime of medium gravity Grave crime	Imprisonment for up to 3 years 2-7 years with confiscation of property	Up to 3,000 MCV A fine of ten to twenty times the amount of stolen property
3. Article 245 of the Criminal Code “Evasion of tax and (or) other mandatory payments to the budget by organisations” Economic smuggling committed by a person authorised to discharge state functions, or by an equal-status person, or by an official, or by a person holding an important public position, if these are associated with his duties of office	Grave crime	Imprisonment for up to 8 years with disqualification from holding certain positions or engaging in certain activities for up to 3 years 3-8 years with confiscation of property	Up to 2,000 MCV, up to three times the amount of payments not paid to the budget

Entrepreneurial crimes:			
1. Article 214 of the Criminal Code – “Illegal entrepreneurship, illegal banking, microfinance or debt collection activity”	Crime of minor gravity	Imprisonment for up to 5 years, with or without confiscation of property	Up to 5,000 MCV
CHINA			
Tax crimes:			
Type of crime	Degree of severity	Term of punishment	Amount of fine
Evasion of tax	- If the evaded tax amount is relatively large and amounts to more than 10% of tax due; - If the amount is enormous and amounts to more than 30% of tax due.	- Imprisonment for a specified term of no more than 3 years, or limited imprisonment; - Imprisonment for a specified term of no less than 3 years, but no more than 7 years, and a fine.	
Evasion of tax by means of violence			

	- Use of violence or threats to refuse to pay tax; - For serious cases.	- Imprisonment or limited imprisonment for less than 3 years; - Imprisonment for more than 3 years, but no more than 7 years.	Varies from 1 to 5 times the amount of tax that was refused to be paid
3. Fraudulent export tax reimbursement	- Involving a relatively large amount; - Involving large amounts or of a serious nature; - Involving enormous amounts or of an especially serious nature.	- Imprisonment or limited imprisonment for less than 5 years; - Imprisonment for more than 5 years, but less than 10 years; - Imprisonment for more than 10 years or life imprisonment.	Varies from 1 to 5 times the assumed amount or with confiscation of property
Entrepreneurial crimes:			
1. Illegal raising of funds	- A relatively large amount; - An enormous amount or involving other serious circumstances.	- Imprisonment for no less than 3 years and no more than 7 years; - Imprisonment for no less than 7 years or life imprisonment.	Fine or confiscation of property
2. Illegal sale of pyramid schemes	- Organisation or management of the sale of pyramid schemes; - Of a serious nature.	- Imprisonment for a specified term of no more than 5 years, or limited imprisonment; - Imprisonment for a specified term of no less than 5 years.	
3. Insider trading	- Involving serious circumstances; - Involving extremely serious circumstances.	- Imprisonment for a specified term of no more than 5 years, or limited imprisonment - Imprisonment for a specified term of no less than 5 years, but no more than 10 years.	Varies from 1 to 5 times the amount of illegal income
MONGOLIA			
Tax crimes:			
Type of crime	Degree of severity	Term of punishment	Amount of fine
1. Evasion of tax: 1. Concealment and deliberate misrepresentation in statements of a significant amount of taxable income, property, goods or services in order to evade tax committed by a personal taxpayer, the executive body of a legal entity		A fine of 450 to 5,400 units or community service for 240 to 720 hours, or restriction of the right of free movement for 1 month to 1 year.	
Entrepreneurial crimes:			
1. Article 18.1. Illegal use of monopoly and market dominance: 1. If in order to eliminate or restrict market competition, natural monopoly entities or entities claiming market dominance collude and create an artificial		2. If the same crime is committed on behalf of a legal entity, in favour of a legal entity, the legal entity is punished by a fine of 10,000 to 80,000 units.	

<p>shortage of products, suspend or limit the production or sale of goods, unreasonably fix an excessively high price, sell goods and products at below-cost prices in order to prevent other entrepreneurial entities from entering this market or to drive them out the market, or cause significant damage to other persons by hampering the entrepreneurial activity of another entrepreneur or citizen entering the market, it is punishable by a fine of 450 to 5,400 units, or community service for 240 to 720 hours, or restriction of the right of free movement for 1 month to 1 year.</p>	
<p>2. Article 18.2. Influencing the foreign and national currency exchange rate: Dissemination of false information, or purchase, sale, and deals involving foreign and national currency in order to push artificially the foreign and national currency exchange rate up or down, is punishable by a fine of 450 to 14,000 units, or restriction of the right of free movement for 6 months to 3 years, or imprisonment for 6 months to 3 years.</p>	<p>2. If the same crime is committed 2.1. through abuse of office, power, or influence; 2.2. by an organised criminal group, it is punishable by imprisonment for 1 year to 5 years. 3. If the same crime is committed on behalf of a legal entity, in favour of a legal entity, the legal entity is punished by a fine of 20,000 to 120,000 units.</p>

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RUSSIA			
Tax Crimes:			
Tax Crimes:			
1. Evasion by an individual to pay taxes and levies and (or) by an individual payer of insurance contributions to pay insurance contributions	in a large amount [§]	Imprisonment for a term of up to six months or a prison term of up to year	from one hundred thousand to three hundred thousand rubles or one salary or other income of the offender for a period of one year to two years
	in a very large amount	punitive labor for a term of up to three years or imprisonment for the same term	from two hundred thousand to five hundred thousand rubles or one salary or other income of the offender for a period of eighteen months to three years
2. Evasion by an entity to pay taxes and levies as they fall due and by an corporate payer of insurance contributions to pay insurance contributions as they fall due	in a large amount ^{**}	Punitive labor for a term of up to two years complete with disqualification from holding certain positions/offices or undertaking certain activities for a term of up to three years or without any term being imposed; or imprisonment for a term of up to six months or a prison term of up to two years complete with disqualification from holding certain positions/offices or undertaking certain activities for a term of up to three years or without any term being imposed	from one hundred thousand to three hundred thousand rubles or one income of the offender for a period of one year to two years

[§] A large amount shall be deemed to be a sum of taxes, levies and insurance contributions exceeding two million, seven hundred thousand rubles within three straight fiscal years, and a very large amount – a sum exceeding thirteen million, five hundred thousand rubles within three straight fiscal years.

^{**} A large amount shall be deemed to be a sum of taxes, levies and insurance contributions exceeding fifteen million rubles within three straight fiscal years, and a very large amount – a sum exceeding forty five million rubles within three straight fiscal years

	<p>The same offense committed by:</p> <p>a) a group of colluding individuals;</p> <p>b) in a very large amount</p>	Punitive labor for a term of up to five years complete with disqualification from holding certain positions/offices or undertaking certain activities for a term of up to three years or without any term being imposed; or a prison term of up to six years complete with disqualification from holding certain positions/offices or undertaking certain activities for a term of up to three years or without any term being imposed	from two hundred thousand to five hundred thousand rubles or one salary or other income of the offender for a period of one year to three years
3. Failure to fulfill a tax agent's duties	in a large amount ^{††}	Punitive labor for a term of up to two years complete with disqualification from holding certain positions/offices or undertaking certain activities for a term of up to three years or without any term being imposed; or imprisonment for a term of up to six months or a prison term of up to two years complete with disqualification from holding certain positions/offices or undertaking certain activities for a term of up to three years or without any term being imposed	from one hundred thousand to three hundred thousand rubles or one income of the offender for a period of one year to two years
	in a very large amount	Punitive labor for a term of up to five years complete with disqualification from holding certain positions/offices or undertaking certain activities for a term of up to three years or without any term being imposed; or a prison term of up to six years complete with disqualification from holding certain positions/offices or undertaking certain activities for a term of up to three years or without any term being imposed	from two hundred thousand to five hundred thousand rubles or one salary or other income of the offender for a period of two years to five years
4. Failure to disclose any money or property owned by an entity or an individual entrepreneur that are to be collected to pay taxes,	in a large amount	Punitive labor for a term of up to three years complete with disqualification from holding certain positions/offices or undertaking certain activities for a term of up to three years or without any term being	from two hundred thousand to five hundred thousand rubles or one salary or other income of the

^{††} Within the meaning of this article, a large amount shall be deemed to be a sum of taxes and (or) levies exceeding fifteen million rubles within three straight fiscal years, and a very large amount – a sum exceeding forty five million rubles within three straight fiscal years

levies and insurance contributions		imposed; a prison term of up to three years complete with disqualification from holding certain positions/offices or undertaking certain activities for a term of up to three years or without any term being imposed	offender for a minimum period of eighteen months
	in a very large amount	Punitive labor for a term of up to five years complete with disqualification from holding certain positions/offices or undertaking certain activities for a term of up to three years or without any term being imposed; or a prison term of up to seven years complete with disqualification from holding certain positions/offices or undertaking certain activities for a term of up to three years or without any term being imposed	from five hundred thousand to two million rubles or one salary or other income of the offender for a period of two years to five years
Evasion to pay customs fees, special, anti-dumping and (or) countervailing duties collected from an entity or an individual	Part 1 – minor (gravity)	A prison term of up to 2 years	RUB 100,000 to RUB 500,000
	Part 2 – medium (gravity)	A prison term of up to 5 years	RUB 300,000 to RUB 500,000
	Part 3 – grave	A prison term of 5 to 10 years	Up to RUB 1 M
	Part 4 – especially grave	A prison term of 7 to 12 years	Up to RUB 1 M
Business Crimes:			
1. Unfair business practices	in a large amount	compulsory labor for a term of up to four hundred and eighty hours or imprisonment for a term of up to six months	up to three hundred thousand rubles or one income of the offender for a period of up to two years
	The same offense: - committed by a group; - associated with earning an immense income	punitive labor for a term of up to five years or a prison term of up to five years complete with a fine of up to eighty thousand rubles or one salary or other income of the offender for a term of up to six months or without any term being imposed	from one hundred thousand to five hundred thousand rubles or one salary or other income of the offender for a period of one year to three years

2. Manufacture, acquisition, storage, transit or sale of goods and products unlabeled or and (or) bearing no details stipulated by the laws of the Russian Federation	in a large amount	punitive labor for a term of up to three years or a prison term of up to three years complete with a fine of up to eighty thousand rubles or one salary or other income of the offender for a term of up to six months	up to three hundred thousand rubles or one income of the offender for a period of up to two years
	The same offenses committed by a group of colluding individuals	punitive labor for a term of four years or imprisonment for the same term complete with a fine of up to one hundred thousand rubles or one salary or other income of the offender for a term of up to one year or without any term being imposed	from one hundred thousand to three hundred thousand rubles or one salary or other income of the offender for a period of one year to three years
	Offenses committed by: - an organized group; - - in a very large amount	punitive labor for a term of up to five years or a prison term of up to six years complete with a fine of up to one million rubles or one salary or other income of the offender for a period of up to five years or without any term being imposed	from two hundred thousand to five hundred thousand rubles or one salary or other income of the offender for a period of one year to three years
	in a large amount (in respect of food products)	punitive labor for a term of up to three years or a prison term of up to three years complete with a fine of up to eighty thousand rubles or one salary or other income of the offender for a term of up to six months	up to four hundred thousand rubles or one income of the offender for a period of up to two years
	Offenses committed (in respect of food products): - a group of colluding individuals or an organized group; - in a very large amount,	punitive labor for a term of up to five years or a prison term of up to six years complete with a fine of up to one million rubles or one salary or other income of the offender for a term of up to five years or without any term being imposed	from three hundred thousand to seven hundred thousand rubles or one salary or other income of the offender for a period of one year to three years

	in a large amount ^{**} (in respect of unlabeled alcohol products)	punitive labor for a term of up to three years or a prison term of up to three years complete with a fine of up to one hundred and twenty thousand rubles or one salary or other income of the offender for a period of up to six months	up to five hundred thousand rubles or one income of the offender for a period of up to two years
	committed (in respect of unlabeled alcohol products) by: - a group of colluding individuals or an organized group; - in a very large amount.	punitive labor for a term of up to five years or a prison term of up to six years complete with a fine of up to one million rubles or one salary or other income of the offender for a term of up to five years or without any term being imposed.	from four hundred thousand to eight hundred thousand rubles or one salary or other income of the offender for a period of one year to three years
3. Illegal management of gambling activities	Organization and (or) conduct of gambling activities using gambling equipment outside the gambling area, or holding no duly obtained gambling license at bookmaking and sweepstakes offices outside the gambling area, holding no duly obtained gambling license in the gambling area or using online networks, including Internet or communications, including mobile communication, except where interactive bids are received by gambling organizers at bookmaking and (or) sweepstakes offices, as well as providing spaces on a consistent basis for illegal organization and (or) conduct of gambling activities	Compulsory labor for a term of one hundred and eighty to two hundred and forty hours or restraint for a term of up to four years or a prison term of up to two years	from three hundred thousand to five hundred thousand rubles or one salary or other income of the offender for a period of one year to three years

^{**} A large amount shall be deemed to be the cost of alcohol products and (or) unlabeled tobacco products exceeding one hundred thousand rubles and a very large amount – one million rubles.

	in a large amount ^{§§}	a prison term of up to four years complete with a fine of up to five hundred thousand rubles or one salary or other income of the offender for a term of up to three years or without any term being imposed	from five hundred thousand to one million rubles or one salary or other income of the offender for a period three years to five years
	in a very large amount	a prison term of up to six years complete with a fine of up to one million rubles or one salary or any income of the offender for a period of up to five years or without any term being imposed and disqualification from holding certain positions/offices or undertaking certain activities for a term of up to five years or without any term being imposed	from one million to one million, five hundred rubles or one salary or other income of the offender for a term of five to five years
4. Illegal manufacture and () turnover of ethyl alcohol, alcohol and spirit containing products	in a large amount ^{***}	Punitive labor for a term of up to three years or imprisonment for the same term complete with disqualification from holding certain positions/offices or undertaking certain activities for a term of up to three years or or without any term being imposed	from two hundred thousand to three million rubles or one salary or other income of the offender for a period of one year to three years
	committed by: - an organized group; - in a very large amount	punitive labor for a term of up to five years or imprisonment for the same term complete with disqualification from holding certain positions/offices or undertaking certain activities for a term of up to five years or or without any term being imposed	from three million to four million rubles or one salary or other income of the offender for a period of two years to five years
5. Illegal retail sale of alcohol and spirit containing food products	if this offense is committed once	Hard labor for a term of up to one year.	from two fifty thousand to eighty thousand rubles or one salary or other income of the offender for a period of three months to six months

^{§§} Within the meaning of this article, a high income shall be deemed to be an income exceeding one million, five hundred rubles and an immense income – six hundred million rubles.

^{***} Within the meaning of this article, a high income shall be deemed to be the cost of ethyl alcohol, alcohol and spirit containing products and (or) that are in circulation without an appropriate license exceeding one hundred rubles and an immense income – one million rubles

6. Illegal provision of consumer finance (loans)	in a large amount	Punitive labor for a term of up to four hundred and eighty hours, or a prison term of up to three years complete with disqualification from holding certain positions/offices or undertaking certain activities for a term of up to three years	from three hundred thousand to one million rubles or one salary or other income of the offender for a period of two years to four years
7. Illegal banking	in a large amount	Punitive labor for a term of up to four years or a prison term of up to four years complete with a fine of up to eighty thousand rubles or one salary or other income of the offender for a term of up to six months or without any term being imposed	from one hundred thousand to three hundred thousand rubles or one salary or other income of the offender for a period of one year to two years
	The same offense: - committed by a group; - associated with earning an immense income	Punitive labor for a term of up to five years or a prison term of up to seven years complete with a fine of up to one million rubles or one salary or other income of the offender for a term of up to five years or without any term being imposed	
8. Falsification of financial documents (instruments) and records of a financial entity	Entering into the documentation and (or) accounting books and (or) records (statements) of a lending institution, an insurer, a security market player, a non-state (private) pension fund, a management company of an investment fund, a mutual fund and a non-state pension fund, a clearing house, a trading organizer, a consumers credit union, a microfinance entity, and an incorporated investment fund intentionally incomplete or misstated details on an entity's transactions, obligations, and property, including property placed in trust with such entity, or on an entity's financial position as well as certifying such details	Punitive labor for a term of up to five years complete with disqualification from holding certain positions/offices or undertaking certain activities for a term of up to three years; or a prison term of up to four years complete with disqualification from holding certain positions/offices or undertaking certain activities for a term of up to three years	from five hundred thousand to one million rubles or one salary or other income of the offender for a period of two years to four years

	as being accurate, submitting such details to the Central Bank of the Russian Federation, publishing or disclosing such details in the manner set forth in the laws of the Russian Federation, if such acts have been committed with the objective of covering up applicable bankruptcy criteria specified by the laws of the Russian Federation or any grounds for revoking (canceling) a license from an entity and (or) for placing such entity into temporary administration		
	The offenses covered by part one of this article that are committed by a colluding individuals or an organized group	a prison term of three years to seven years complete with disqualification from holding certain positions/offices or undertaking certain activities for a term of up to three years	from three million to five million rubles or one salary or other income of the offender for a period of three years to five years
9. Procurement of funds and (or) other assets	to obtain proceeds from such funds and (or) assets without engaging in any investment or legal business activities	punitive labor for a term of up to four years or imprisonment for the same term complete with restraint for a term of up to one year or without any term being imposed	up to one million rubles or one income of the offender for a period of up to two years
	in a very large amount	punitive labor for a term of up to five years or a prison term of up to five years complete with restraint for a term of up to two years or without any term being imposed.	up to one million, five hundred thousand rubles or one income of the offender for a period of up to three years
10. Failure to enter into a lending institution's financial records and statements any details on funds	in a large amount	Restraint for a term of up to four years complete with disqualification from holding certain positions/offices or undertaking certain activities for a term of up to three years; punitive labor for a term of up to five years complete with disqualification from holding certain	from three hundred thousand to one million rubles or one salary or other income of the offender for a period of two years to four years

being placed by individuals and self-employed entrepreneurs		positions/offices or undertaking certain activities for a term of up to three years; or a prison term of up to four years complete with disqualification from holding certain positions/offices or undertaking certain activities for a term of up to three years	
	The same offense committed by a group of colluding individuals or an organized group	a prison term of three years to seven years complete with disqualification from holding certain positions/offices or undertaking certain activities for a term of up to three years	from three million to five million rubles or one salary or other income of the offender for a period of three years to five years
11. Illegal incorporation (establishment or restructuring) of a legal entity	Illegal incorporation (establishment or restructuring) of a legal entity through front entities and also submission to the public registrar of legal entities and individual entrepreneurs of details leading to the inclusion of details relevant to front entities to the unified public register of legal entities	punitive labor for a term of up to three years or imprisonment for the same term.	from one hundred thousand to three hundred thousand rubles or one salary or other income of the offender for a period of seven months to one year
	The same offenses committed by: a) a person by virtue of his/her position/office; b) a group of colluding individuals;	compulsory labor for a term of one hundred and eighty to two hundred and forty hours or a prison term of up to five years	from three hundred thousand to five hundred thousand rubles or one salary or other income of the offender for a period of one year to three years
12. Illegal use of documentation to incorporate (establish or restructure) a legal person	Submission of a personal identification document or issue of a power of attorney if such acts have been committed to cause details relevant to a front entity to be included in the unified public state register of legal entities	compulsory labor for a term of one hundred and eighty to two hundred and forty hours or hard labor for a term of up to two years	from one hundred thousand to three hundred thousand rubles or one salary or other income of the offender for a period of seven months to one year

	Procurement of a personal identification document or use of illegally obtained personal data if such acts have been committed to cause details relevant to a front entity to be included in the unified public state register of legal entities	punitive labor for a term of up to three years or imprisonment for the same term.	2. from three hundred thousand to five hundred thousand rubles or one salary or other income of the offender for a period of one year to three years
13. Legalization (laundering) of funds or other assets illegally acquired by other persons	Completion of financial operations and other monetary or property transactions known to be illegally acquired by other persons to legalize the ownership, possession and disposal of the aforementioned funds and assets	---	up to one hundred and twenty thousand rubles or one income of the offender for a period of up to of the year.
	The same offense committed in a large amount	punitive labor for a term of up to two years or a prison term of up to two years complete with a fine of up to fifty thousand rubles or one salary or other income of the offender for a term of up to three months or without any term being imposed	from two hundred thousand to three hundred thousand rubles or one salary or other income of the offender for a period of one year to two years
	The offenses covered by part one or part two of this article that are committed by: - a group of colluding individuals; - a person by virtue of his/her position/office;	punitive labor for a term of up to three years complete with restraint for a term of up to two years or without any term being imposed and disqualification from holding certain positions/offices or undertaking certain activities for a term of up to three years or without any term being imposed; or a prison term of up to years complete with a fine of up to five hundred rubles or one salary or any income of the offender for a term of up to three years or without any term being imposed complete with restraint for a term of up to two years or without any term being imposed and disqualification from holding certain positions/offices or undertaking certain activities for a term of up to three years or without any term being imposed	---

	<p>The offenses covered by part one or part three of this article that are committed by:</p> <ul style="list-style-type: none"> - an organized group; - - in a very large amount 	<p>punitive labor for a term of up to five years complete with restraint for a term of up to two years or without any term being imposed and disqualification from holding certain positions/offices or undertaking certain activities for a term of up to three years or without any term being imposed; or a prison term of up to seven years complete with a fine of up to one million rubles or one salary or any income of the offender for a term of up to three years or without any term being imposed complete with restraint for a term of up to two years or without any term being imposed and disqualification from holding certain positions/offices or undertaking certain activities for a term of up to five years or without any term being imposed</p>	---
14. Legalization (laundering) of funds or other assets acquired by a person as a result of a crime committed by it	<p>Completion of financial operations and other transactions involving money and property acquired by a person as a result of a crime committed by it to legalize the ownership, possession and disposal of the aforementioned funds and assets</p>	---	<p>punishable by a fine of up to one hundred and twenty thousand rubles or one income of the offender for a period of up to of the year.</p>
	<p>in a large amount</p>	<p>punitive labor for a term of up to two years or a prison term of up to two years complete with a fine of up to fifty thousand rubles or one salary or other income of the offender for a term of up to three months or without any term being imposed</p>	<p>from two hundred thousand to three hundred thousand rubles or one salary or other income of the offender for a period of one year to two years</p>
	<p>The offenses covered by part one or part two of this article that are committed by:</p> <ul style="list-style-type: none"> a) a group of colluding individuals; b) a person by virtue of his/her position/office 	<p>punitive labor for a term of up to three years complete with restraint for a term of up to two years or without any term being imposed and disqualification from holding certain positions/offices or undertaking certain activities for a term of up to three years or without any term being imposed; or a prison term of up to years complete with a fine of up to five hundred rubles or one salary or any income of the offender for a term of up to three years or</p>	---

		without any term being imposed complete with restraint for a term of up to two years or without any term being imposed and disqualification from holding certain positions/offices or undertaking certain activities for a term of up to three years or without any term being imposed	
	The offenses covered by part one or part three of this article that are committed by: a) an organized group; b) in a very large amount	Punitive labor for a term of up to five years complete with restraint for a term of up to two years or without any term being imposed and disqualification from holding certain positions/offices or undertaking certain activities for a term of up to three years or without any term being imposed; or a prison term of up to seven years complete with a fine of up to one million rubles or one salary or any income of the offender for a term of up to three years or without any term being imposed complete with restraint for a term of up to two years or without any term being imposed and disqualification from holding certain positions/offices or undertaking certain activities for a term of up to five years or without any term being imposed.	---
15. Acquisition or sale of property known to be illegally procured	Unauthorized acquisition or sale of property known to be illegally procured	either compulsory labor for a term of up to four hundred and eighty hours, or hard labor for a term of up two years, or punitive labor for a term of up to two years or imprisonment for the same term.	up to forty thousand rubles or one salary or other income of the offender for a period of up to three months
	The same offenses committed by: a) a group of colluding individuals; b) in respect of oil and oil products, an automobile or any property in a large amount	restraint for a term of up to three years or punitive labor for a term of up to five years or imprisonment for a term of up to six months or a prison term of up to five years complete with a fine of up to eighty thousand rubles or one salary or other income of the offender for a term of up to six months	---

	The offenses covered by part one or part two of this article that are committed by: an organized group or a person by virtue of his/her position/office	punitive labor for a term of up to five years complete with restraint for a term of two years or without any term being imposed; or a prison term of up to seven years complete with a fine of up to eighty thousand rubles or one salary or any income of the offender for a term of up to six months and with restraint for a term of up to two years or without any term being imposed	---
16. Obtaining a loan by illegal means	A loan or preferable terms being obtained by an individual entrepreneur or an entity's CEO by submitting to a bank or another lender intentionally false details on the business or financial position of an individual entrepreneur or an entity if such offense has resulted in substantial damage	compulsory labor for a term of up to four hundred and eighty hours or punitive labor for a term of up to five years or imprisonment for a term of up to six months or a prison term of up to five years	up to two thousand rubles or one income of the offender for a period of up to eighteen months
	An illegally obtained target-specific government loan used for any purpose other than its intended target if such offenses have resulted in inflicting substantial damage upon individuals, entities or the government	restraint for a term of one year to three years or punitive labor for a term of up to five years or imprisonment for the same term.	from one hundred thousand to three hundred thousand rubles or one salary or other income of the offender for a period of one year to two years
17. Willful evasion to repay accounts payable	Willful evasion by an entity's CEO or an individual to repay major accounts payable or to pay for securities once a respective court order has become final	compulsory labor for a term of up to four hundred and eighty hours or punitive labor for a term of up to two years or imprisonment for a term of up to six months or a prison term of up to two years.	up to two thousand rubles or one income of the offender for a period of up to eighteen months
18. Limited competition	in a large amount ⁺⁺⁺	Punitive labor for a term of up to three years complete with disqualification from holding certain positions/offices or undertaking certain activities for a	from three hundred thousand to five hundred thousand rubles or one salary or other income of the

⁺⁺⁺ Within the meaning of this article, a high income shall be deemed to be an income exceeding fifty million rubles and an immense income – two hundred and fifty million rubles

		term of up to one year or without any term being imposed; a prison term of up to three years complete with disqualification from holding certain positions/offices or undertaking certain activities for a term of up to one year or without any term being imposed	offender for a period of one year to two years
	<p>The same offenses:</p> <p>a) committed by a person by virtue of his/her position/office;</p> <p>b) associated with the loss or damage of other parties' property or its threatened loss or damage without any evidence of extortion;</p> <p>c) resulting in hefty damage or an immense income</p>	punitive labor for a term of up to five years complete with disqualification from holding certain positions/offices or undertaking certain activities for a term of up to three years or without any term being imposed; or a prison term of up to six years complete with a fine of up to one million rubles or one salary or any income of the offender for a term of up to five years and disqualification from holding certain positions/offices or undertaking certain activities for a term of one year to three years or without any term being imposed.	---
	The offenses covered by part one or part two of this article that are committed by violence or a threat of violence	punitive labor for a term of up to five years complete with disqualification from holding certain positions/offices or undertaking certain activities for a term of one year to three years; or a prison term of up to seven years complete with disqualification from holding certain positions/offices or undertaking certain activities for a term of one year to three years	---
19. Illegal use of corporate identity features for goods (work activities and services)	Illegal use of other parties' trademark, servicemark, geographical indications or similar designations for homogeneous goods if such offense has been committed repeatedly or resulted in substantial damage	Compulsory labor for a term of up to four hundred and eighty hours, or hard labor for a term of two years or punitive labor for a term of up two years or a prison term of two years complete with a fine of eighty thousand rubles or one salary or any income of the offender for a period of up to six months	from one hundred thousand to three hundred thousand rubles or one salary or other income of the offender for a period of up to two years

	Illegal use of warning labels applicable to an unregistered trademark in the Russian Federation or the geographical indications if such offense has been committed repeatedly or resulted in substantial damage	Compulsory labor for a term of up to three hundred and sixty hours and or hard labor for a term of up to one year	up to one hundred and twenty thousand rubles or one income of the offender for a period of up to of the year
	The offenses covered by part one or part two of this article that are committed by	Punitive labor for a term of four years or imprisonment for the same term complete with a fine of up to one hundred thousand rubles or one salary or other income of the offender for a term of up to one year or without any term being imposed	from two hundred thousand to four hundred thousand rubles or one salary or other income of the offender for a period of eighteen months to three years
	The offenses covered by part one or part two of this article that are committed by an organized group	punitive labor for a term of up to five years or a prison term of up to six years complete with a fine of up to five hundred thousand rubles or one salary or other income of the offender for a term of up to three years or without any term being imposed	from five hundred thousand to one million rubles or one salary or other income of the offender for a period three years to five years
20. Illegal receipt and disclosure of information classified as trade, tax or bank secrets	by a theft of documents, deceit, blackmail, extortion, bribing or threats as well as by other illegal means	hard labor for a term of up to one year or punitive labor for a term of up to two years or imprisonment for the same term	up to five hundred thousand rubles or one income of the offender for a period of up to one year
	without their holder's consent by a person to whom it has become available on a need to know basis	without their holder's consent by a person to whom it has become available on a need to know basis	up to one million rubles or one salary or any income of the offender for a period of up to two years and disqualification from holding certain positions/offices or undertaking certain activities for a term of up to three years
	The same offenses committed by a group of colluding individuals or an organized group that have resulted in substantial	punitive labor for a term of up to five years or imprisonment for the same term.	up to one million, five hundred rubles or one salary or any income of the offender for a period of up to three years and disqualification from

	damage or have been committed for material gain		holding certain positions/offices or undertaking certain activities for a term of up to three years
	resulting in grave consequences	punishable by punitive labor for a term of up to five years or a prison term of up to seven years.	---
Illicit trafficking of alcohol and (or) tobacco products	Part 1 – medium (gravity)	A prison term of up to 5 years	from RUB 300,000 to RUB 1 M
	Part 2 – grave	A prison term of 3 to 7 years	Up to RUB 1 M
	Part 3 – especially grave	A prison term of 7 to 12 years	Up to RUB 2 M
Illicit trafficking of potent, poisonous, toxic, poisonous, explosive, and radioactive substances; radiation sources, nuclear materials, firearms or their basic parts; explosives, ammunition, weapons of mass destruction, associated delivery systems, other weapons or military equipment; as well as materials and equipment that can be used to create weapons of mass destruction, associated delivery systems, other weapons and military equipment; and strategically vital goods and resources or cultural valuables or commercially valuable wildlife and aquatic biological resources	Part 1 – grave	A prison term of 3 to 7 years	Up to RUB 1 M
	Part 2 – grave	A prison term of 5 to 10 years	Up to RUB 1 M
	Part 3 – especially grave	A prison term of 7 to 12 years	Up to RUB 1 M
Illicit trafficking of narcotic drugs, psychotropic substances,	Part 1 – grave	A prison term of 3 to 7 years	Up to RUB 1 M

associated precursors or similar products; plants containing narcotic drugs, psychotropic substances or associated precursors, or parts thereof containing narcotic drugs, psychotropic substances or associated precursors; tools or equipment under special control used for producing narcotic drugs or psychotropic substances	Part 2 – grave	A prison term of 5 to 10 years	Up to RUB 1 M
	Part 3 – especially grave	A prison term of 10 to 20 years	Up to RUB 1 M
	Part 4 – especially grave	A prison term of 15 to 20 years	Up to RUB 1 M
Illicit trafficking of cash and (or) cash equivalents	Part 1 – minor (gravity)		from 3-fold to 10-fold value of crime targets
	Part 2 – minor (gravity)		from 10-fold to 15-fold value of crime targets
TAJIKISTAN			
Tax Crimes			
Crime Type	Crime Severity	Penal Term	Fine Amount
1. Evasion from paying taxes and (or) levies chargeable to a legal entity	Article 292, part 2 grave offense	From 5 to 8 years	From 912 to 1,460 calculation indicators
2. Evasion by an individual to pay taxes and (or) levies	Article 293, part 2 medium gravity crime	Up to 3 years	From 250 to 547 calculation indicators

3. Illegal incorporation (establishment or restructuring) of a legal entity	Article 260, part 2 medium gravity crime	Up to 3 years	From 200 to 548 calculation indicators
Business Crimes:			
1. Unfair business practices	Article 259, part 2 medium gravity crime	From 3 to 5 years	From 547 to 912 calculation indicators
2. Manufacture, acquisition, storage, transportation or sale of unlabeled goods and products	Article 2591, part 2 medium gravity crime	From 2 to 5 years	From 365 to 912 calculation indicators
3. Abuse of authority by employees at business and other entities	Article 295, part 2 medium gravity crime	Up to 3 years	From 365 to 547 calculation indicators
TURKMENISTAN			
<p>Tax Crimes: <i>Tax Crimes: Under article 88 of the TTC (Turkmenistan's Tax Code), a tax crime is a culpable wrongdoing committed by a tax subject giving rise to liability to the extent required by the TTC. A tax crime shall lead to the application of financial sanctions stipulated in articles 89 – 94 of the TTC. Financial sanctions shall be applied by tax authorities. Financial sanctions may be imposed for tax law violations committed within a maximum time span of five tax years preceding the year when a tax authority head passes a resolution to apply such sanctions</i></p>			
Crime Type	Crime Severity	Penal Term	Fine Amount
1. Where a tax payer (tax agent) fails to meet the due date for tax payment.			a penalty of 0.03% of outstanding and overdue tax amount shall be payable for each calendar day of delay, including the payment date and until the date of limitation period for tax collection.

2. An understated assessed tax amount arising as a result of tax base erosion and other tax assessment frauds			A tax payer shall be subject to financial sanctions of 40% of the understated tax amount due and payable to Turkmenistan's state budget
3. A tax payer's (tax agent's) failure to comply with the forfeited right to dispose of property to be levied upon for taxes			shall make a tax payer (tax agent) liable to financial sanctions of 50% of the actual marketable value of such property.
4. A bank's failure to report the opening of accounts by individuals – self-employed entrepreneurs and legal entities (their separate business units) to a tax authority			shall make such bank liable to financial sanctions of 10% of all funds deposited into such accounts.
5. A bank running debit operations with accounts of individuals and legal entities (their separate business units) in contravention of a tax authority's respective decision on suspending any operations with such accounts			shall make such bank liable to financial sanctions of 10% of all funds debited from such accounts
6. A bank crediting proceeds from sold products (goods, work activities, and services) bypassing a tax payer's (tax agent's) payment account onto its loan, deposit or other			shall make such bank liable to financial sanctions of 10% of amounts credited

accounts and accounts of other tax payers			
7. Article 261 Criminal Code: Evasion from paying customs fees	Minor gravity	hard labor for a term of up to two years	a fine of 25 to 50 monthly average pays
8. Article 262 Criminal Code: Tax evasion by individuals	Minor gravity	(1) hard labor for a term of up to two years (2) hard labor for a term of up to two years or a prison term of up to one year	1) a fine of 30 to 100 monthly average pays (2) a fine of 50 to 150 monthly average pays
9. Article 263 Criminal Code: Tax evasion by corporate entities	Medium gravity	(1) disqualification from holding certain positions/offices or undertaking certain activities for a term of up to three years or hard labor for a term of up to two years (2) disqualification from holding certain positions/offices or undertaking certain activities for a term of up to three years or without any term being imposed or a prison term of up to one year complete with disqualification from holding certain positions/offices or undertaking certain activities for a term of up to three years	shall lead to the imposition on individuals of a fine of up to two base units, and on officials – of up to three base units.
Business Crimes:			
1. Article 239 Criminal Code: Illegal business activities	Minor gravity	Hard labor for a term of up to two years	a fine of 50 to 100 monthly average pays
	Medium gravity		1) a fine of 50 to 100 monthly average pays

2. Article 240 Criminal Code: Illegal banking activities		1) hard labor for a term of up to two years or a prison term of up to one year (2) a prison term of up three years complete with or without seizure of property	(2) a fine of 100 to 200 monthly average pays
1. Article 241 Criminal Code: Pseudo-entrepreneurship Pseudo-entrepreneurship	Minor gravity	punitive labor for a term of up to two years or a prison term of up to one year	a fine of 25 to 75 monthly average pays
2. Article 245 Criminal Code: Anti-competitive actions and restrictive business practice	Medium gravity	hard labor for a term of up to two years or a prison term of up to three years	a fine of 50 to 100 monthly average pays
3. Article 247 Criminal Code: Illegal use of trademarks	Minor gravity	hard labor for a term of up to two years	a fine of 25 to 50 monthly average pays
4. Article 2501 Criminal Code: Insider transactions in the securities market	Medium gravity	(1) hard labor for a term of up to two years or a prison term of up to one year (2) a prison term of up three years complete with or without seizure of property	(1) a fine of 50 to 100 monthly average pays
5. Article 251 Criminal Code: Abuse in issuing securities	Minor gravity	Hard labor for a term of up to two years	a fine of 25 to 50 monthly average pays

6. Article 252 Criminal Code: Production to sell and sale of counterfeit money and securities	Grave	(1) a prison term of three up three years complete with or without seizure of property (2) a prison term of eight to fifteen years complete with or without seizure of property	
7. Article 253 Criminal Code: Production to sell and sale of counterfeit credit cards or charge cards or other payment instruments	Minor gravity	(1) a prison term of up to five years (2) a prison term of four years to seven years complete with or without seizure of property	
8. Article 267 Criminal Code: Abuse of authority	Medium gravity	(1) hard labor for a term of up to two years or a prison term of up to two years. (2) a prison term of up to four years	(1) a fine of 20 to 40 monthly average pays (2) a fine of 50 to 100 monthly average pays
9. Article 254 Criminal Code: Illicit trafficking	Grave	1) hard labor for a term of up to two years complete with or without seizure of property or a prison term of up to three years complete with or without seizure of property. (2) a prison term of three to five years complete with or without seizure of property. (3) a prison term of three years to eight years complete with or without seizure of property	(1) a fine of 25 to 50 monthly average pays complete with or without seizure of property (2) a fine of 75 to 150 monthly average pays complete with or without seizure of property

		(4) a prison term of five years to ten years complete with or without seizure of property	
10. Article 229 Criminal Code: Misappropriation or embezzlement	Medium gravity	<p>(1) disqualification from holding certain positions/offices or undertaking certain activities for a term of up to three years or without any term being imposed; or hard labor for a term of up to two years complete disqualification from holding certain positions/offices or undertaking certain activities for a term of up to three years or without any term being impose; or a prison term of up to two years complete with disqualification from holding certain positions/offices or undertaking certain activities for a term of up to three years or with any term being imposed</p> <p>(2) disqualification from holding certain positions/offices or undertaking certain activities for a term of up to three years or without any term being imposed; or compelling the offender to reside at a certain location for a term of five years to seven years complete with disqualification from holding certain positions/offices or undertaking certain activities for a term of up to three years complete with or without seizure of property for a term; or a prison term of up to five years complete with disqualification from holding certain positions/offices or undertaking certain activities for a term of up to three years complete with or without seizure of property</p>	<p>(1) a fine of 30 to 60 monthly average pays</p> <p>(2) a fine of 50 to 100</p> <p>monthly average pays</p> <p>(3) a fine of 100 to 150 monthly average pays</p>

		<p>(3) disqualification from holding certain positions/offices or undertaking certain activities for a term of up to three years complete with or without seizure of property; or compelling the offender to reside at a certain location for a term of five years to eight years complete with disqualification from holding certain positions/offices or undertaking certain activities for a term of up to three years complete with or without seizure of property; or a prison term of three years to eight years complete with disqualification from holding certain positions/offices or undertaking certain activities for a term of up to three years complete with or without seizure of property</p> <p>(4) compelling the offender to reside at a certain location for a term of six years to twelve years complete with disqualification from holding certain positions/offices or undertaking certain activities for a term of up to three years complete with or without seizure of property; or a prison term of six years to twelve years complete with disqualification from holding certain positions/offices or undertaking certain activities for a term of up to three years complete with or without seizure of property</p>	
UZBEKISTAN			
Tax Crimes:			

Crime Type	Crime Severity	Penal Term	Fine Amount
1. Article 184 Criminal Code of the Republic of Uzbekistan “Evasion from taxes and other compulsory payments”	Less than grave	A prison term of up to five years	300-600 BCU (base calculation units)
2. Article 182 Tax law violation	Grave	A prison term of up to 8 years	Up to 600 BCU
3. Article 1861 Illegal manufacture or turnover of ethyl alcohol, alcohol and tobacco products	Especially grave	A prison term of up to 12 years	Up to 600 BCU
4. Article 189 Trade and service rule breaches	Posing no major public threat		300-600 BCU
5. Article 190 Carrying on an activity without a license or a permit or without giving any notification	Posing no major public threat		100 BCU
6. Article 1926 An unjustified refusal, failure to use or preventing any benefits and preferences from being enjoyed	Posing no major public threat	A prison term of up to 3 years	Up to 600 BCU
Business Crimes:			
	Posing no major public threat	A prison term of up to 3 years	Up to 200 BCU

1. Article 179 Pseudo-entrepreneurship			
2. Article 1811 Deliberate bankruptcy of up to three years/a fine of up to two hundred and fifty base calculation units	Posing no major public threat	A prison term of up to 3 years	Up to 250 BCU
3. Article 1863 Production, manufacture, acquisition, storage, transportation to sell or sale of substandard or counterfeit medications or medical products, sale of medications or medical products outside pharmacies and their outlets as well as inappropriate retail sale on prescription of medications containing potent substances	Especially grave	A prison term of up to 15 years	Up to 300 BCU
4. Article 188 Illegal business activities	Less than grave	A prison term of up to 5 years	Up to 600 BCU
5. Article 1881 Illegal procurement of funds and (or) other assets	Grave	A prison term of up to 10 years	Up to 500 BCU
	Grave	A prison term of up to 7 years	Up to 600 BCU

6. Article 1922 Inappropriate audit procedure and inspections of business activities conducted by business entities			
7. Article 1923 Illegal suspension of business conducted by business entities and (or) bank account operations	Grave	A prison term of up to 7 years	Up to 600 BCU
8. Article 1924 Compelled involvement of business entities to charity and other activities	Less than grave	A prison term of up to 5 years	Up to 500 BCU
9. Article 1925 Licensing law and licensing procedures law violations	Less than grave	A prison term of up to 5 years	Up to 600 BCU
10. Article 1926 An unjustified refusal, failure to use or preventing any benefits and preferences from being enjoyed	Posing no major public threat	A prison term of up to 3 years	Up to 600 BCU
11. Article 1928 Illegal requesting of information on funds available on bank accounts of business entities – hard labor for a term of up to three years/a	Posing no major public threat		Up to 400 BCU

fine of up to four hundred base calculation units			
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Annex 2

Most Common/Large-Scale Techniques/Schemes of Tax Crimes and Business Crimes

KYRGYZSTAN	
Tax Crimes	Business Crimes
<ol style="list-style-type: none"> 1. evasion of the payment of taxes to the budget through concealment of income and forgery of official documents 2. establishment of shell companies which cease to exist upon achievement of business results 3. evasion of the payment of customs charges through failure to submit documents for assessment of charges or through entry of information which is known to be false to the documents for assessment of charges 4. individual entrepreneurs transfer money for goods abroad through a legal firm that subsequently closes and does not pay taxes. Goods to be imported are imported at an underestimated price 	<ol style="list-style-type: none"> 1. large monetary amounts are allegedly allocated to provision of services or works
BELARUS	
<ol style="list-style-type: none"> 1. use of details of shell companies on behalf of which forged documents are prepared for alleged shipment or receipt of goods 	<ol style="list-style-type: none"> 1. use of details of shell companies on behalf of which forged documents are prepared for alleged shipment or receipt of goods
KAZAKHSTAN	
<ol style="list-style-type: none"> 1. issuance of fake tax invoices without actual performance of works/services 2. inaccurate reporting of income with an aim of tax evasion 3. illegal enterprise 4. executing a transaction in the absence of a deal 	<ol style="list-style-type: none"> 1. entrepreneurial activities performed by public officials despite the legislative prohibition 2. provision of advantages and favors to specific entities by persons equivalent to persons authorized to perform public functions in the form of lobbying their interests at the time of tendering, awarding and executing public purchase contracts 3. signing contractors' work completion certificates for large amounts with regard to a scope of work and services which is actually lower than that stipulated by public purchase contracts 4. interaction with false enterprises for the purpose of cashing-out stolen budget funds

	<ol style="list-style-type: none"> laundering of criminal money, introduction of criminal money into legal turnover through purchase of goods and assets for personal use and registration in favor of third parties
CHINA	
<ol style="list-style-type: none"> application of force or threats for refusal to pay taxes failure to repay tax arrears, transfer or concealment of assets preventing tax authorities from collecting the taxes owed issuance of forged tax invoices for the exclusive value added tax or other tax invoices for the purpose of fraudulent export tax refund or tax credit forgery of documents or sale of forged exclusive tax invoices for value added tax, illegal sale of exclusive tax invoices for value added tax use of forged export reports or other fraudulent means for soliciting the state export tax refund 	<ol style="list-style-type: none"> abuse of position by an employee of a company, enterprise or any other entity to solicit or illegally accept any money or assets from any other person for gaining benefit for that another person abuse of position by an employee of a company, enterprise or any other entity to illegally take possession of any money or assets of the entity illegal funds raising by fraudulent means arrangement of sales activities under a “pyramid” scheme
MONGOLIA	
<ol style="list-style-type: none"> taxation and making use of forged money, securities or payment instruments 	<ol style="list-style-type: none"> fraud; business crimes: making and using forged money, securities or payment instruments
RUSSIA	
<ol style="list-style-type: none"> evasion of tax payment through transfer of money to accounts of shell companies and technical companies under fake contracts related to finances and business operations Build-up of the goods price through the use of technical links Overstatement of costs using related companies and shell companies Misrepresentation of data on goods or failure to provide data on goods during customs clearance aimed at misleading the customs officials about assessment of payable customs charges, special, antidumping and/or compensatory duties Evasion of the payment of customs charges through failure to declare or inaccurate declaring 	<ol style="list-style-type: none"> illegal performance of activities that require licensing or another special authorization falsification of documents, use of related shell companies movement of goods across the customs border of the EAEU, the State Border of the Russian Federation outside of the established locations or working hours the customs authorities at these locations concealment of goods which are subject to customs clearance statement of inaccurate information on goods or failure to state any information aimed at misleading the customs authorities about description, cost and quantity characteristics of goods statement of information on goods using documents that contain inaccurate information on the same

	<p>7. use of forged means of identification or those related to other goods</p> <p>8. smuggling goods; illegal establishment (incorporation, reorganization) of a legal entity; illegal use of documents for establishment (incorporation, reorganization) of a legal entity; legalization (laundering) of illegal money or other assets acquired through crime</p>
TAJIKISTAN	
<p>1. tax evasion</p> <p>2. submission of reports inconsistent with the actual turnovers of a business entity</p>	1. illegal enterprise
TURKMENISTAN	
1. Evading the payment of taxes on entities and individuals through introduction of knowingly false data on income or expenses into financial documents, through destruction of financial documents and concealment of other taxable items or otherwise	1. crimes related to appropriation or embezzlement of valuable property
UZBEKISTAN	
1. Money is credited to the settlement account of a limited liability company for one type of goods but this money is transferred to other limited liability companies for other highly liquid goods. But in tax reports, the actual goods turnover of the limited liability company is significantly understated. This results in understating the taxation base	<p>1. Illegal performance of funds raising activities and/or raising other assets of individuals and legal entities through assumption of obligations to provide material benefits where obligations assumed earlier are secured with newly raised funds and/or other assets of individuals and legal entities, as well as management and support of such activities, as well as advertising for the purpose of involvement into such activities, also through mass media or telecommunication networks and the Internet worldwide information network</p>

Annex 3

Signs of Suspicious Transactions Indicative of Laundering Money from these Crimes**KAZAKHSTAN****Signs of Suspicious Transactions Depending on the Predicate Crime Type:**

Tax Crimes	Business Crimes
<ol style="list-style-type: none"> 1. receipt of a large amount of money to the client's account, but the recipient has insignificant turnover of transactions and less than a year has passed since its incorporation. 2. receipt of large amounts of money to the client's account, but the recipient pays no or insignificant taxes or other mandatory payments to the budget or has debts under credits of second-tier banks. 3. Execution of a transaction (deal) by the client under the supervision of a third party and/or parties being present at the time of the transaction (deal). 4. Regular transfer of large amounts of money as dividends or profit from accounts of legal entities and/or individual entrepreneurs in favor of individuals. 5. Regular withdrawal of money and/or a large part of money from a bank account (accounts) over a short period of time after crediting of money received for provision of a wide range of services and/or various goods, as well as transferred from the client's account in another bank. 6. Regular withdrawal of money using corporate cards over a short period since crediting thereof. 7. Obvious inconsistency between the contractual and market value of the subject of a deal. 8. Transfer of large amounts of money as grants, financial assistance, loans or gratuitous assistance, also with the participation of non-residents that have no business relations with each other. 	<ol style="list-style-type: none"> 1. Regular transfers of money abroad without opening of a bank account that give the reasons to believe that such transfers are performed for the purpose of entrepreneurial activities; 2. Execution of a transaction (deal) by the client under the supervision of a third party and/or parties being present at the time of the transaction (deal). 3. Significant increase in the share of cash credited to the account of a corporate client in cases where non-cash settlements are usual for the core activities of the client. 4. Large advanced repayment of a credit by a client being a public official if the information available does not make it possible to identify the source of funds. 5. Regular withdrawal of money and/or a large part of money from a bank account (accounts) over a short period of time after crediting of money received for provision of a wide range of services and/or various goods, as well as transferred from the client's account in another bank. 6. Regular crediting of cash to the client's bank account from third parties followed by withdrawal of such cash by the client or transfer of all or a large part thereof during one transaction day or the following day to bank accounts of the client or of third parties. 7. Repeated performance by the client of similar transactions over a short period of time if the amount of individual transactions does not exceed the threshold amounts of transactions subject to financial monitoring but the total amount exceeds the threshold amount (provided that activities of the client are not related to public service, collection of mandatory or voluntary payments). 8. Receipt (payment) of money on a large scale from a gambling establishment as a gambling gain and/or at gambling bets if there is suspicion about

<p>9. Untypical or unusually complicated instructions on settlement terms different from the established business practice.</p> <p>10. Regular withdrawal of money and/or a large part of money received for provision of works and services from a bank account (accounts) over a short period of time by the same person or by a group of persons.</p> <p>11. Clients, their activities, transactions or attempts to perform the same recognized as suspicious in accordance with the internal procedures of the financial monitoring entity.</p>	<p>a conspiracy between employees of the gambling establishment and the gambler, as well as between gamblers.</p> <p>9. Obvious inconsistency between the contractual and market value of the subject of a deal.</p> <p>10. Regular withdrawal of money using corporate cards over a short period since crediting thereof.</p> <p>11. Transfer of large amounts of money as grants, financial assistance, loans or gratuitous assistance, also with the participation of non-residents that have no business relations with each other.</p> <p>12. Untypical or unusually complicated instructions on settlement terms different from the established business practice.</p> <p>13. Regular withdrawal of money and/or a large part of money received for provision of works and services from a bank account (accounts) over a short period of time by the same person or by a group of persons.</p> <p>14. Regular crediting to the client's account and debiting from the account of approximately the same amounts of money in cases where the financial monitoring entity has reasons to believe that this transaction and/or transactions is/are related to activities of a financial pyramid.</p> <p>15. Regular crediting of money transfers without opening of bank accounts, also with the use of electronic payment facilities, to a recipient client being individual from a large number of other individuals, with subsequent disbursement of cash to the recipient.</p> <p>16. Payments and transfers related to raising money and/or other assets from individuals in cases where the client does not hold any license for activities in the financial sector and/or activities associated with concentration of financial resources.</p> <p>17. Clients, their activities, transactions or attempts to perform the same recognized as suspicious in accordance with the internal procedures of the financial monitoring entity.</p> <p>18. Transactions in securities (financial instruments) performed by the client or at the direction thereof if such transactions do not result in the change of the holder and/or beneficial owner of such securities (financial instruments).</p> <p>19. Transactions in buying and selling securities (financial instruments) at prices that significantly differ from the current market prices for these securities (financial instruments). In the absence of market prices—deviation from the price of the</p>
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	recent purchase and sales transaction in this security (financial instrument) or from the par value of the security (financial instrument), except for the par value of shares. 20. Regular performance of financial transactions in buying and subsequent selling of unquoted and not publicly traded securities provided that revenues from the sale of securities are used to purchase readily obtainable publicly traded assets.
CHINA	
<ol style="list-style-type: none"> 1. frequent transfers between public and private accounts; 2. several accounts with identical IP addresses and MAC addresses, similar Internet banking user names and working hours; 3. transaction notes and reference information do not match the transaction; 4. high degree of relation between companies. 	<ol style="list-style-type: none"> 1. models of transactions are non-compliant with the client's identity; 2. transactions structuring; 3. dispersed deposits and concentrated withdrawals from accounts controlled by criminals; 4. quick crediting to and quick debiting from accounts of criminals; 5. numerous transactions between public and private institutions and frequent interbank and interregional transactions.
MONGOLIA	
<ol style="list-style-type: none"> 1. possible tax evasion; 2. business-related transactions performed via a personal account which can be associated with tax evasion; 3. business-related transactions performed via a personal account. 	<ol style="list-style-type: none"> 1. transfer of a large amount of money, unclear or inconsistent actions of the client; 2. can be related to transactions, can engage in unauthorized/unlicensed activities; 3. legal entity/individual could engage in unauthorized/unlicensed financial activities; 4. a transaction performed by a legal entity whose actual activities are unclear; 5. unknown beneficial owner, unclear activities and business structure.
RUSSIA	
<ol style="list-style-type: none"> 1. transit transactions; 2. signs of "technical" entities and affiliation of entities; 3. cash withdrawal. 	
TAJIKISTAN	

failure to provide reports or non-compliance of the reports with data of customs and other accounting authorities	performance of entrepreneurial activities without registration
UZBEKISTAN	
<ol style="list-style-type: none"> 1. no clear economic rationale for a transaction, non-compliance with the nature and type of activity of the client; 2. performance of a large amount of transactions over a short period of time; 3. regular refunding by a resident client of a previously received amount in favor of a non-resident under a contract for supply of goods (performance of work, provision of services); 4. apparent discrepancy between transactions performed by the client with the participation of the bank and the common practice of transactions; 5. settlement terms involve untypical or unusually complicated schemes that differ from the ordinary activities of the client; 6. transfer of money in an amount equal or exceeding 1,000-fold basic estimated amount as of the transaction date as dividends or profit from accounts of legal entities and/or individual entrepreneurs in favor of individuals; 7. etc. 	<ol style="list-style-type: none"> 1. unreasonable increase in cash turnover on the client's account unrelated to the nature of the client's activities and/or after more than three months' period of low activity or no signs of activity on the accounts of this client; 2. transfer of money in an amount equal or exceeding 1,000-fold basic estimated amount as of the transaction date as financial assistance or loan from accounts of legal entities or individual entrepreneurs; 3. performance of transactions (payment or withdrawal of cash) from five or more international payment cards during one day through the terminal of one counterparty, with the amount of transactions in each card being equal to or exceeding 25-fold basic estimated amount. 4. etc.
KYRGYZSTAN	
<ol style="list-style-type: none"> 1. depositing large amounts of cash; 2. amounts splitting; 3. transactions related to loans/credits; 4. depositing funds on several accounts followed by consolidation on one account for transfer abroad; 5. performance of transactions related to unlawful reimbursement of VAT; 6. refund by a resident client of a previously paid advance to a non-resident. 	<ol style="list-style-type: none"> 1. forgery of documents; 2. signs of financial pyramid; 3. providing or receiving a credit (loan) at an interest rate that significantly exceeds the average interest rate.

BELARUS

Belarus PFR noted that the list of signs of suspicious financial transactions had been established by Order No. 367 of the Government of the Republic of Belarus dated March 16, 2006 *On Approval of the Form of a Special Log of Financial Transactions Subject to Special Control and Instruction on the Procedure for Filling in, Presentation, Registration, Accounting and Retention of Special Logs of Financial Transactions Subject to Special Control.*

Annex 4

ML typologies/ case studies related to these offences*Case study of the FIU of Kazakhstan*

The pre-trial proceedings were initiated following the criminal intelligence operations related to active and passive bribery, embezzlement of public funds, abuse of office, involvement in illegal business operations and laundering of illegal proceeds.

Deputy head of local administration Mr. A and the Managing Director of AT LLP Mr. B were illegally involved in the management of SSS LLP and ISC LLP and used them to develop a criminal scheme to embezzle the public funds of the local administration, which translated into the overvaluation of the scope of the performed operations.

So, in 2015-2016 837 mln tenge were spent on mechanized street clearance under public procurement agreements between the local administration and SSS LLP; the overvaluation under reports of completion accounted for 282 mln tenge (the reports specified the machine hours that have not been performed).

Mr. A and Mr. B used the embezzled funds at their own discretion, a part of them has been laundered through the construction of production facilities for AT LLP.

The funds embezzled through SS LLP and ICC LLP in 2015-2016 accounted for 137,872,803.29 tenge.

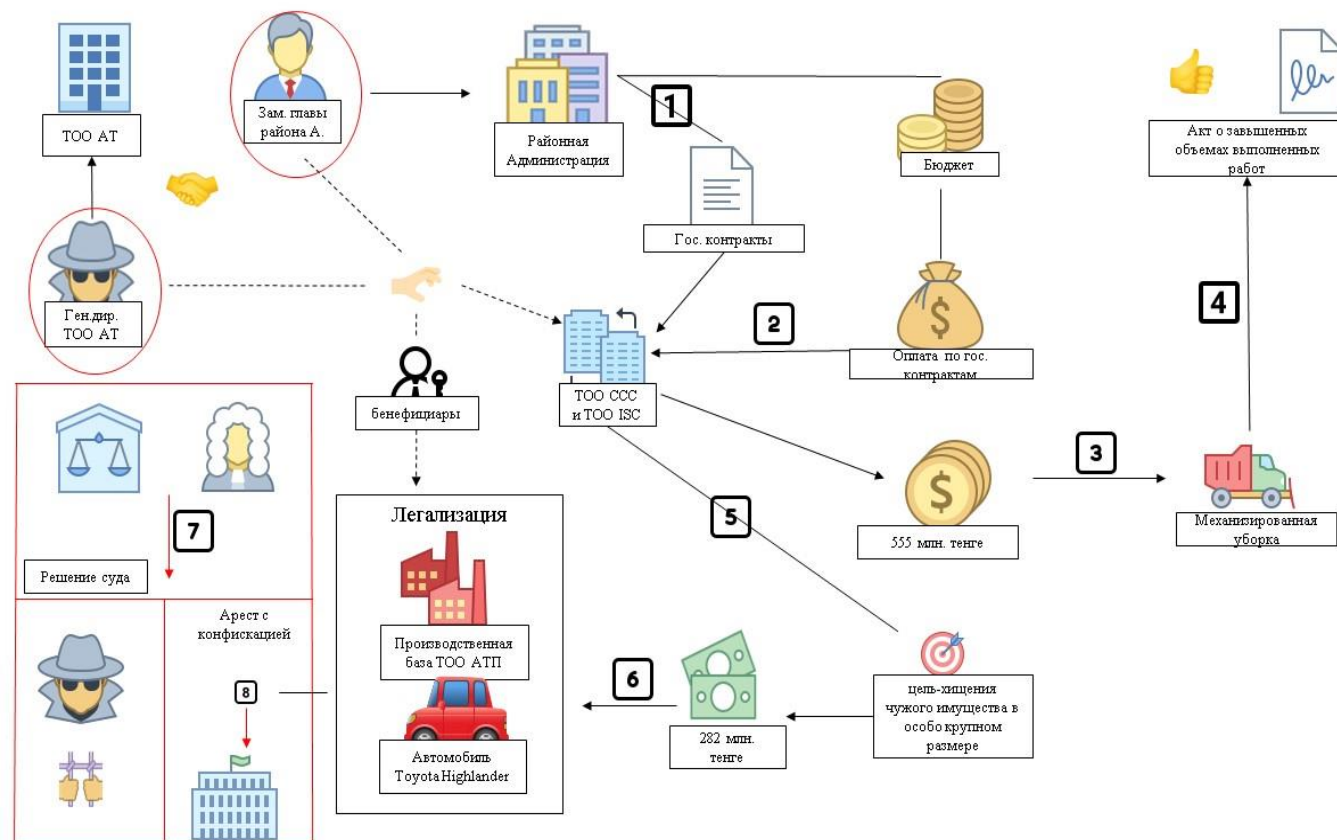
Financial audit, the examination of investment financial company and forensic examinations have been conducted in the case (6 video, sound and graphical examinations, 7 economic examinations, 1 merchandizing examination, 1 criminalistic examination and 1 photo examination).

The damage accounted for 122,000,000 tenge, the seized assets accounted for 593,000,000 tenge (they have been confiscated by the government as illegal and used by the convicts at their own discretion, i.e. for the construction of production facilities for AT LLP and the purchase of Toyota vehicle).

Under the sentence of the District Court dated June 26, 2018 Mr. B guilty was found guilty of the offences prescribed in clause 2, part 4, Article 189 and clause 3, part 3, Article 218 of the Criminal Code and was sentenced to 6 years of imprisonment.

On the counts of clause, 3, part 3, Article 218 of the Criminal Code he has been sentenced to 6 years of imprisonment and confiscation of Toyota Highlander manufactured in 2015 that was purchased for the illegal proceeds.

However, on August 22, 2028 the court of appeal deflected the judgment of the District Court and imposed an eventual sentence of 4 years of imprisonment and collection to the government revenue the cost of the said vehicle of 8,363,340 tenge instead of the confiscation thereof.



Case study of the FIU of China.

An example of a business crime is the "RT" case.

The "RT" case is a pyramid scheme with over 3,000 levels of investors and 2.5 million victims. The "RT" platform operated domestically in Jiangsu province in 2018. In 2019, the suspects further expanded the scheme and fled to some Southeast Asian countries to evade investigation. Finally, in 2020, the leading suspects were convicted and 40 billion yuan worth of virtual currencies were confiscated.

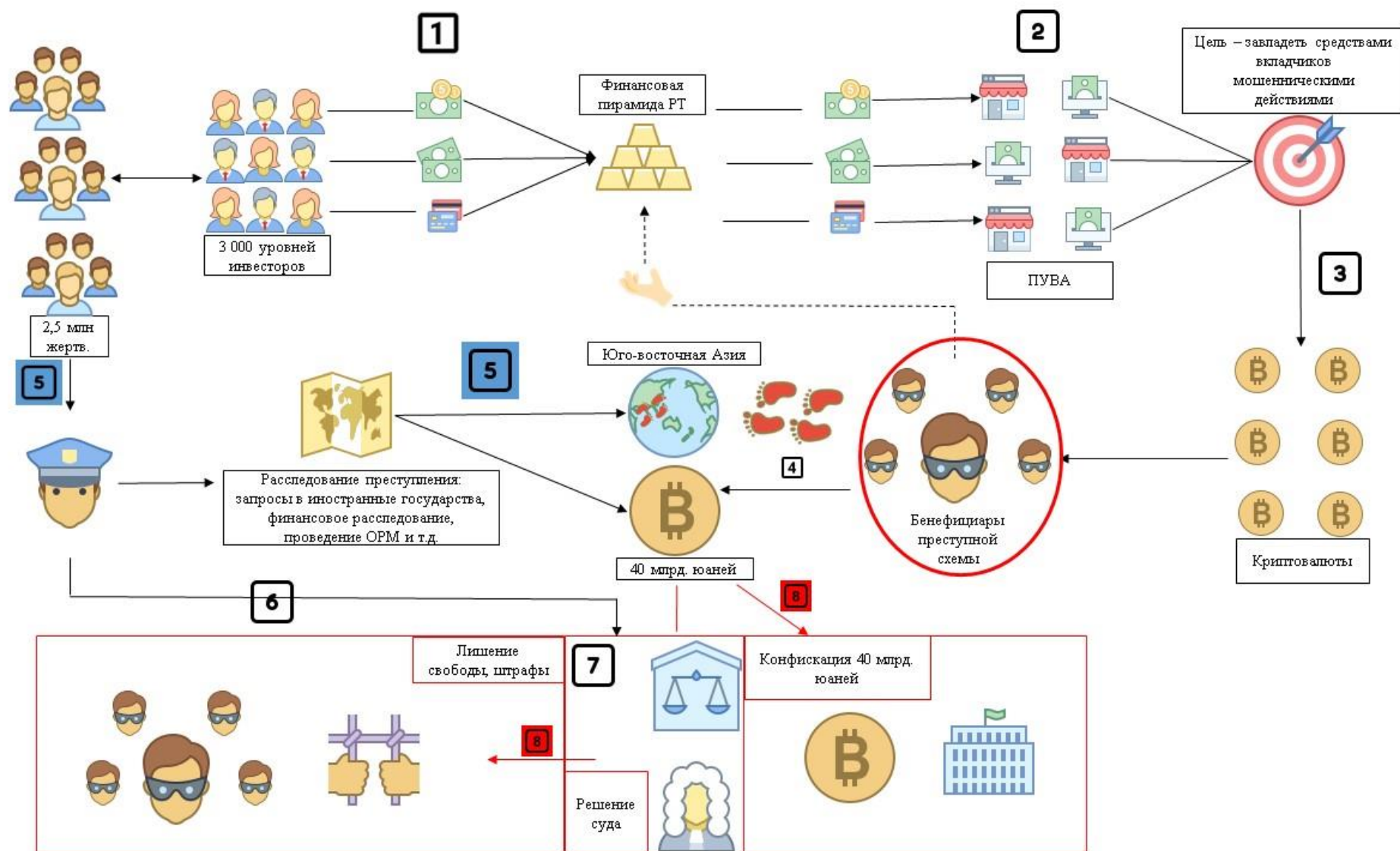
The criminals used several virtual currencies to transfer and conceal illicit proceeds obtained from the pyramid scheme.

The main perpetrator was sentenced to 4 years and 10 months in prison with a fine of 600,000 yuan. Other offenders were also sentenced to various terms of imprisonment and fines.

During the investigation, public security authorities cooperated with international counterparts in Southeast Asia in accordance with bilateral agreements and memorandums of understanding.

Experts from the local PBC branch joined the special task force led by local public safety agencies and provided LEA with financial intelligence data.

Analysis of the suspects' transactions and bank account information, the use of technology to track financial flows, interagency cooperation between the The People's Bank of China and LEA, as well as international cooperation, were crucial to solving this case.



Финансовая пирамида PT – "RT" pyramid scheme

Цель – завладеть средствами вкладчиков мошенническими действиями – The aim is to misappropriate depositors' funds through fraudulent means

2,5 млн жертв. – 2.5 million victims

3000 уровней инвесторов – 3,000 levels of investors

Юго-восточная Азия – Southeast Asia

ПУВА – VASP

Расследование преступления: запросы в иностранные государства, финансовое расследование, проведение ОРМ и т.д. – Crime investigation: requests to foreign countries, financial investigation, criminal intelligence and detective operations, etc.

40 млрд юаней – 40 billion yuan

Бенефициары преступной схемы – Beneficiaries of the criminal scheme

Криптовалюты – Cryptocurrencies

Лишение свободы, штрафы – Imprisonment, fines

Конфискация 40 млрд юаней – Confiscation of 40 billion yuan

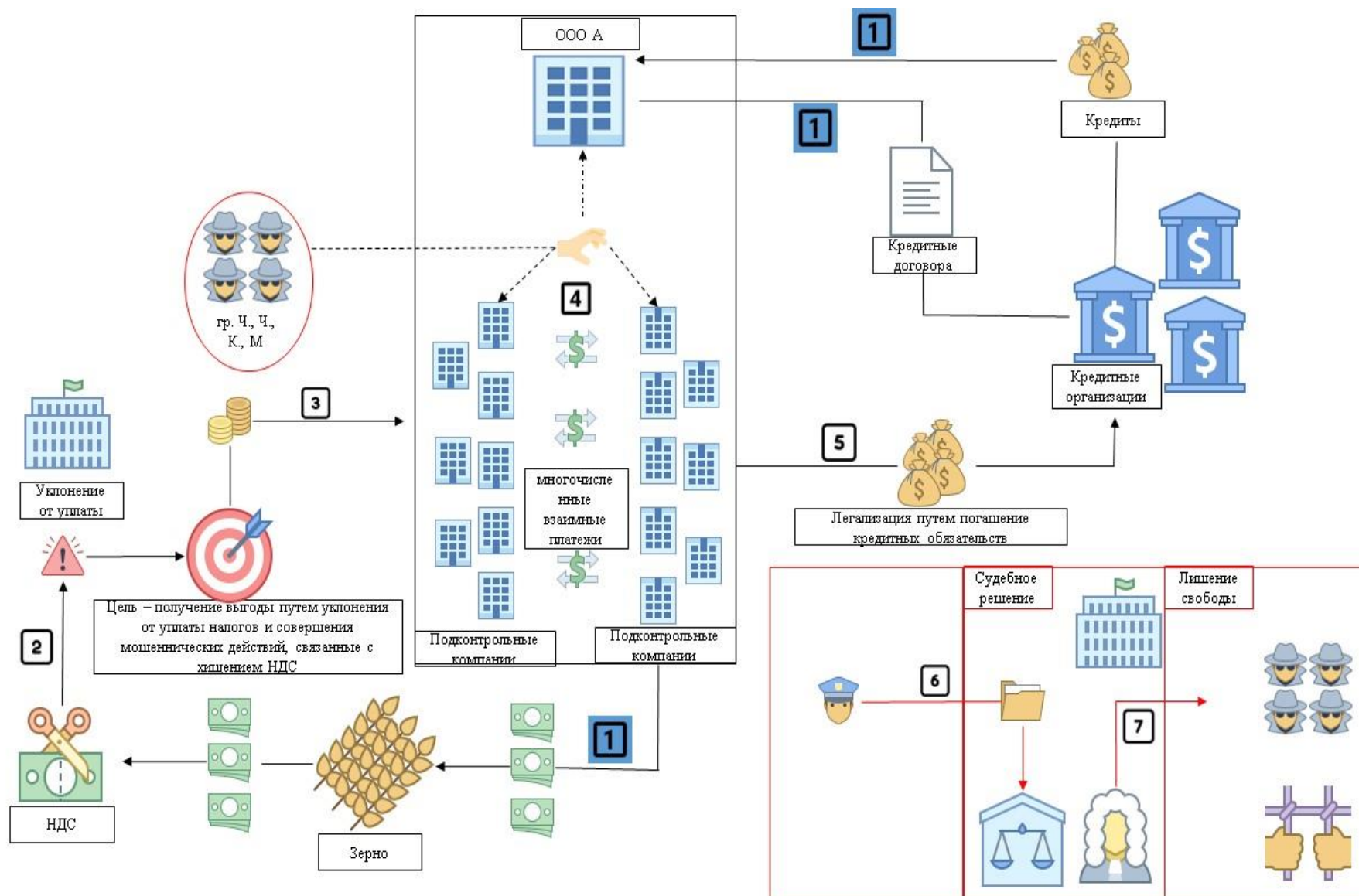
Решение суда – Court decision

Case studies of the Russian FIU.**Case study 1.**

In the process of criminal intelligence gathering it was established that citizens Ch., Ch., K., M., acting on behalf of "A" LLC and a group of controlled organizations, carried out commercial activities for the purchase of grain, avoided paying taxes and committed fraudulent actions involving the theft of VAT.

In order to legalize the stolen funds, the persons involved used numerous mutual payments between the controlled organizations, as a result of which the funds were used to repay the actual loan obligations of "A" LLC in banking organizations.

On February 27, 2019, the Novoalexandrovsky District Court of Stavropol Region passed a sentence upon Ch., Ch., K., M. into offences under cl. "a, b" Part 2 of Art. 199, Part 2 of Art. 199, Part 4 of Art. 159, Part 7 of Art. 159, Part 7 of Art. 159, Part 4 of Art. 174.1 of the Criminal Code of the Russian Federation.



Case study 2.

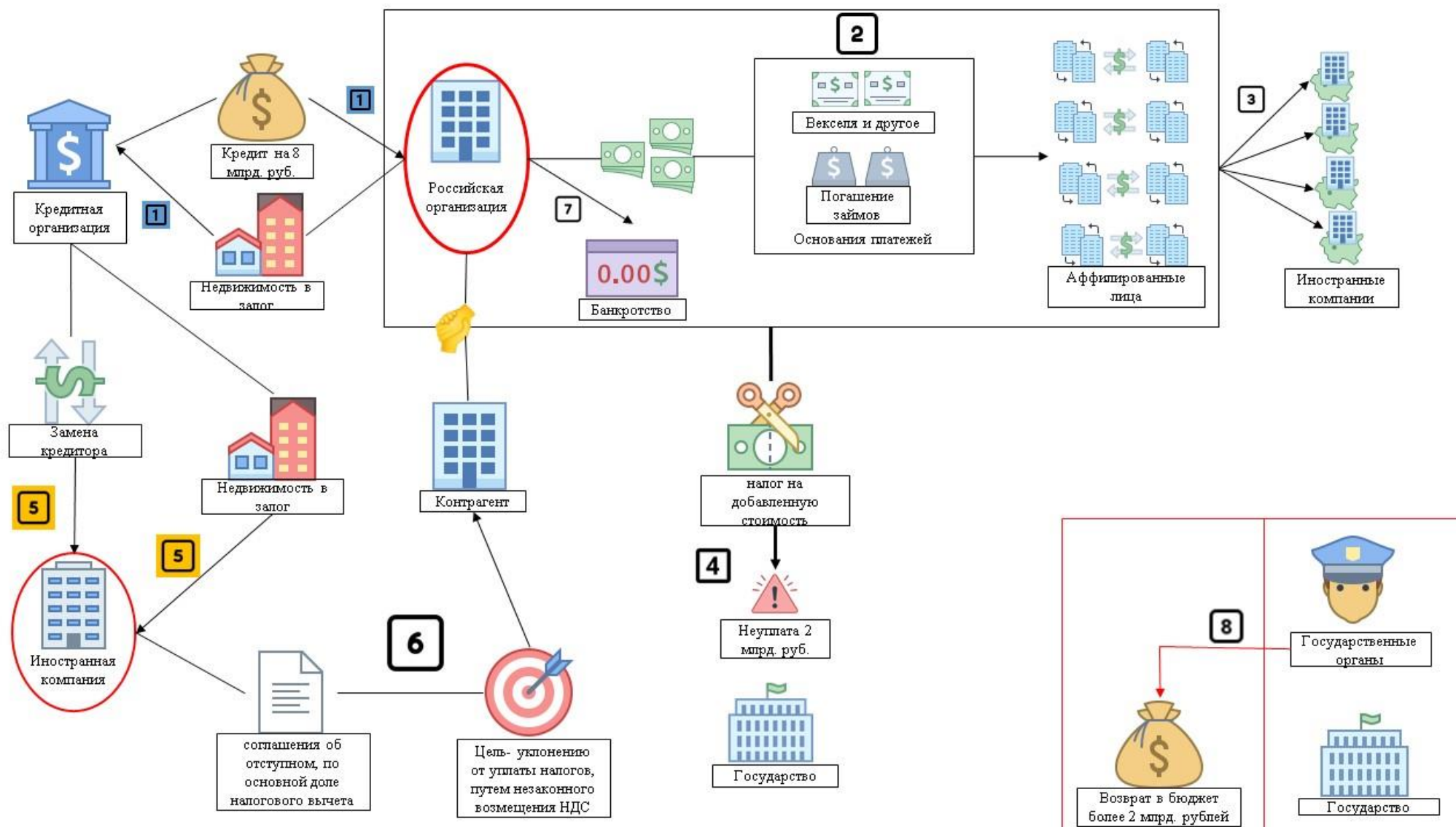
In 2020, Rosfinmonitoring together with the Federal Tax Service of Russia carried out an inspection of a foreign company (hereinafter – the Company) in connection with the possible commission of fraudulent actions with illegal VAT refunds totaling more than 2 billion rubles.

In November 2011, a Russian organization (hereinafter – the Organization) obtained a loan from a credit institution in the total amount of more than 8 billion rubles, with a real estate object acting as collateral. The credit funds, as well as funds received as a result of financial and economic activities (lease payments), were subsequently transferred to affiliated persons on various grounds (repayment of loans, purchase of promissory notes and other), which in turn were transferred to the accounts of foreign companies. Besides, according to the tax declaration, as a result of financial transactions with affiliated persons, the Organization failed to pay value-added tax in the amount of more than 2 billion rubles.

In 2016, the creditor was changed from the credit institution to the Company, and due to the Organization's default on the loan repayment, the property was transferred to the Company in 2017. As a result of the accord and satisfaction agreement entered into, the majority of the Company's tax credit is attributable to the Organization counterparty for transactions related to the transfer of the property ownership. In 2018, the Organization was declared bankrupt.

In the course of inspection, Rosfinmonitoring sent a request to a foreign financial intelligence unit and received a reply with supporting information about the affiliation of Russian and foreign persons involved.

Based on the information provided, the Federal Tax Service of Russia reported the suppression of tax evasion scheme through illegal VAT refund, as well as the return of more than 2 billion rubles to the budget of the Russian Federation.



Case study 3.

In September 2020, Rosfinmonitoring conducted an investigation following a citizen's complaint that a pyramid scheme may be operating under the guise of "Finiko" Investment Company. Information from Rosfinmonitoring was used to open a criminal case in December 2020 against unidentified persons acting on behalf of "Finiko".

In total, in 2020-2021, law enforcement agencies of Russia initiated at least five criminal cases against the persons involved in "Finiko"'s activities, the investigation of which involved cooperation with Rosfinmonitoring.

The new ML methods identified in the "Finiko" case are the following:

- The use of cryptocurrency markets;
- The use of own cryptocurrency named FNK;
- The use of Cyfron digital currency.

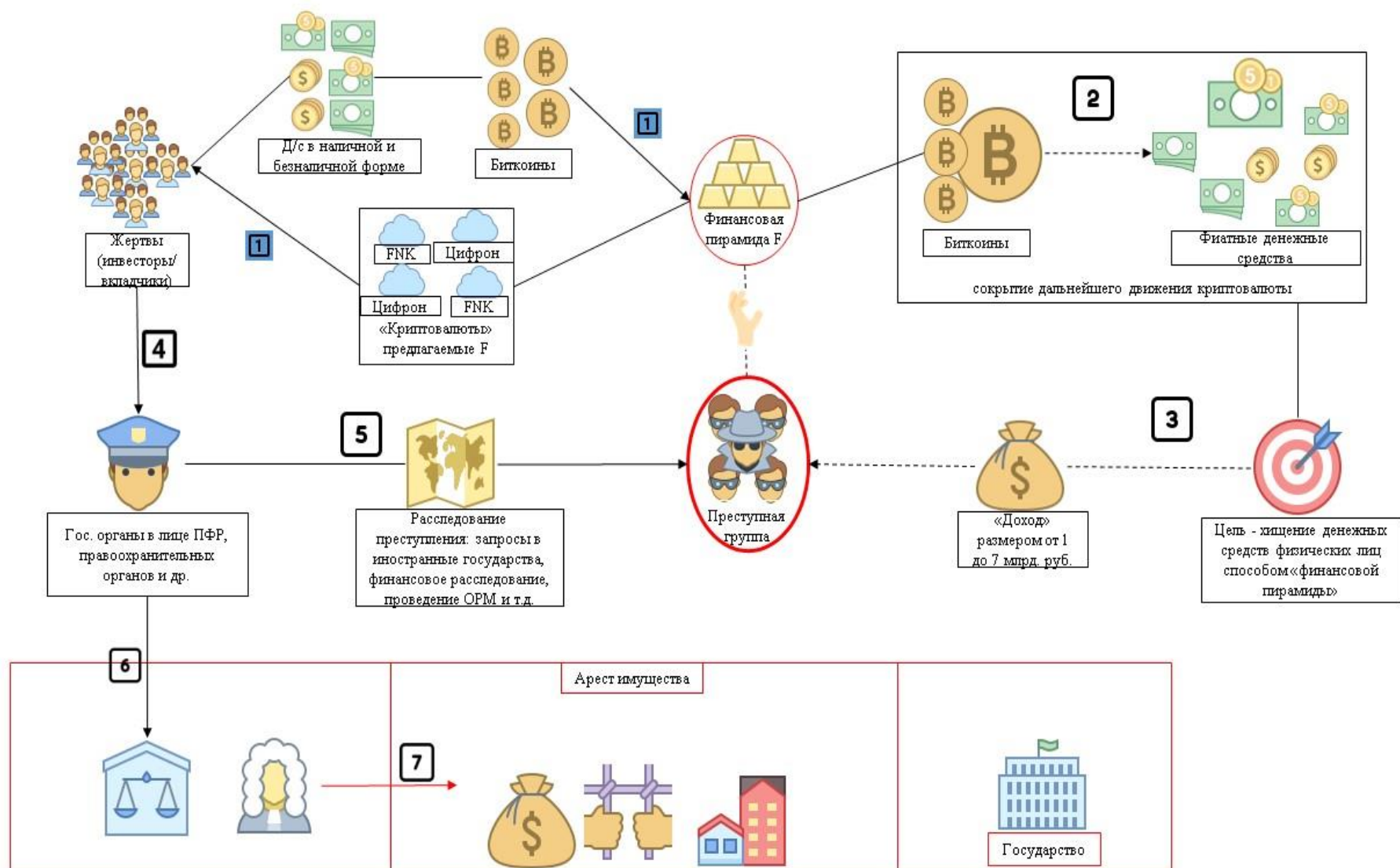
The organizers of the "Finiko" pyramid scheme persuaded the victims to purchase bitcoins and transfer them to cryptocurrency wallets controlled by the criminals. Subsequently, the criminals made transactions aimed at concealing the further cryptocurrency movement, presumably, the cryptocurrency was later sold for fiat money. These facts are being verified.

As a result of criminal intelligence and detective operations law enforcement agencies established facts of laundering cryptocurrencies for ML.

The total amount of laundered funds/assets is from 1 billion (according to law enforcement agencies) to 7 billion (preliminary unofficial estimate) in ruble equivalent.

In addition to describing the above case study, it seems very interesting to note some problematic points observed by the FIU of Russia that may be relevant to most of the countries that participated in the research:

- STRs/SARs received from credit institutions, in most cases, do not contain direct indications of a connection to cryptocurrency markets.
- Crypto exchanges do not collect or have incomplete information about their customers' bank accounts/bank cards used by customers to buy/sell cryptocurrency for fiat money.
- Refusals of crypto exchanges to provide information about the owners of the so-called "hot crypto wallets" (according to information provided by crypto exchanges, these wallets can be used by their various clients).



Case study 4.

In 2021, customs authorities initiated criminal cases under Article 174.1 of the Criminal Code of the Russian Federation in respect of the laundering of illegal proceeds obtained through the trafficking of drugs, potent substances and timber.

The amount of funds obtained through the laundering of illegal proceeds that relate to the criminal cases initiated by tax authorities in 2021 under Article 174.1 of the Criminal Code of the Russian Federation accounted for 37.2 mln Russian Roubles.

Transfers of funds between natural persons were made under fictitious contracts (loan, service and other contracts) to the accounts of affiliates, sole traders and natural persons.

We would like to highlight some problematic aspects specified by the FIU of the Russian Federation:

- Mingling of funds obtained from illegal activities with legitimate income both to conceal their origin and to create an impression that they were obtained in the course of legitimate economic activities.
- Use of shell companies for illegal activities, which do not keep records of financial and economic activities.
- Making mutual cash settlements, which greatly complicates the tracing thereof.

Case study 5.

We can give as an example the sentence imposed by the Central District Court of the city of Togliatti of Samara Region dated December 06, 2018 in respect of Mr. T, a director of company, who was found guilty of the offences prescribed in clause b, part 4, Article 174.1 and clause b, part 2, Article 199 of the Criminal Code of the Russian Federation. From January 01, 2013 to December 31, 2014 Mr. T evaded VAT for a total amount of 31,906,239 Russian Roubles. During the same period, to give an appearance of legitimacy to the ownership, use and disposal of these funds, Mr. T transferred them from the company's account to the accounts of controlled entities under fictitious invoices for subcontracting work that were allegedly performed by the controlled entities and subsequently took possession of the funds. Also, the Central Moscow Investigation Department is examining a criminal case against Mr. K, a director of company, involving offences prescribed in clause b, part 4, Article 174.1 and clause b, part 2, Article 199 of the Criminal Code of the Russian Federation. It was identified that from January 01, 2012 to August 13, 2015 Mr. K evaded from VAT and income tax for a total amount of 170,818,878 Russian Roubles. During the same period, to give an appearance of legitimacy to the ownership, use and disposal of these funds, Mr. T transferred them from the company's account to the accounts of controlled entities under fictitious invoices for construction and installation operations that were allegedly performed by the controlled entities. Subsequently, acting through the persons that were not identified by the investigators and performed illegal banking operations for monetary reward, he submitted orders to the banks to make financial transactions to transfer the said funds to the accounts of the companies controlled by the said unidentified persons. The latter, escaping official credit institutions and deducting a fee similar to banks' settlement and cash services fees, arranged for the subsequent transfer of the funds to the accounts of other controlled companies, concealing the connection of the laundered funds with the illegal source of their origin; the laundered funds were partially cashed out and Mr. K obtained the opportunity to use them.

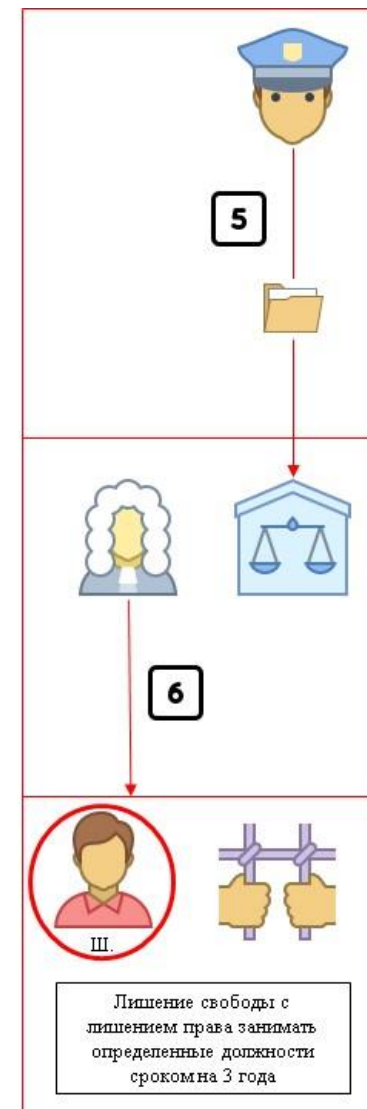
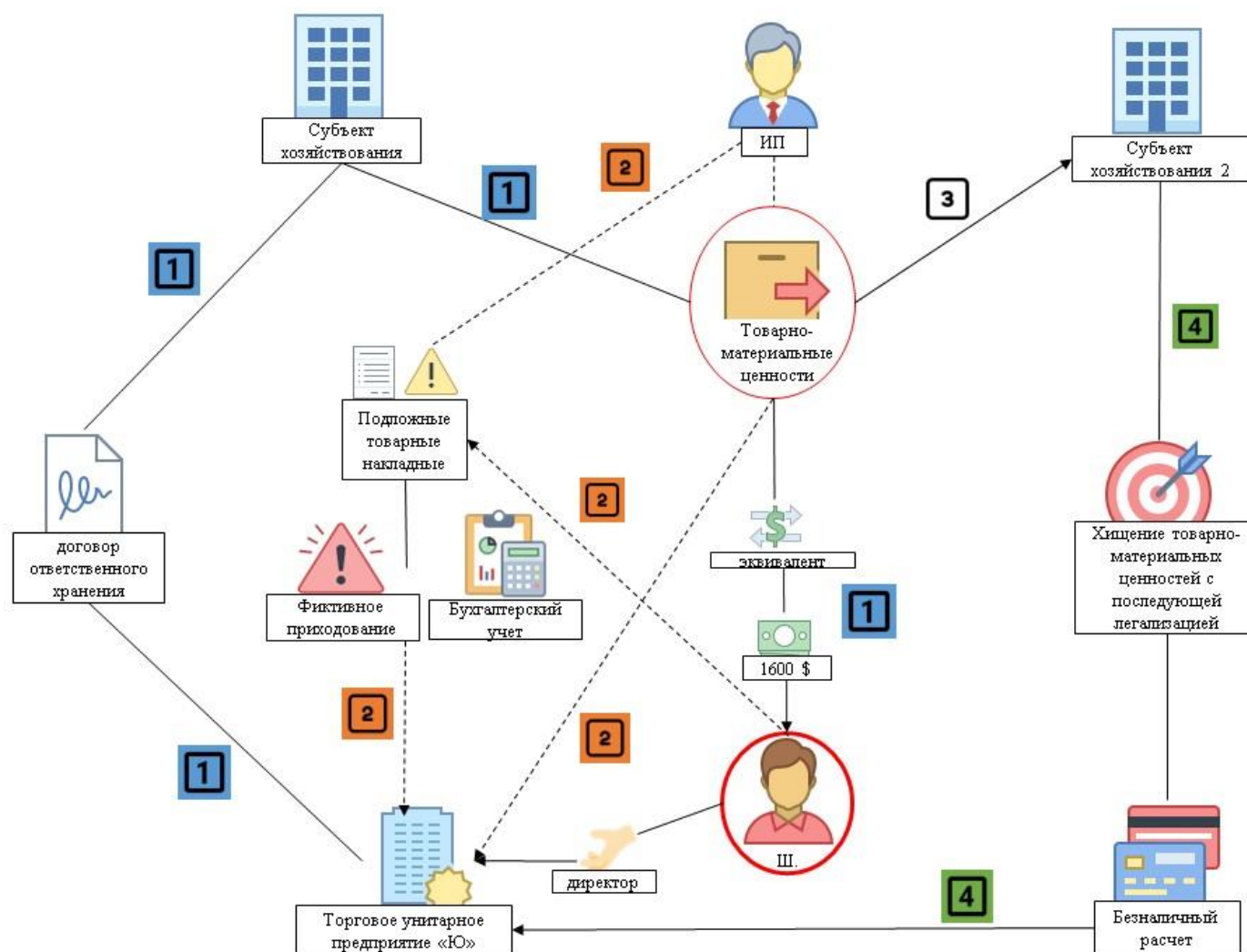
Пример Беларуси

During 2018-2020, courts of Belorussia did not take up criminal cases regarding the offences prescribed in Article 235 of the Criminal Code (Legalization (Laundering) of Illegal Proceeds), the predicate offences to which are tax offences in the context of this questionnaire (Articles 261-1, 231, 243, 243-1, 243-3 of the Criminal Code).

Offence under one criminal case that the questionnaire refers to business offences is predicate to money laundering.

Under court sentence dated February 24, 2020 that was upheld by court of appeal in its special ruling dated May 27, 2020, Mr. Sh. was sentenced under part 1, Article 210, part 2, Article 211, part 2, Article 235, part 2, Article 72 and Article 77 of the Criminal Code to 3 years of imprisonment and disqualification from holding management and administrative positions for a period of 3 years with two-year sentence suspension.

Under the court sentence Mr. Sh. was found guilty in embezzlement, when he was a director of private trade unitary enterprise Yu, of material assets obtained from other entity under contract of custody in the amount equivalent to 1,600 US Dollars at the time of the offence. To launder the embezzled assets, the convict arranged the execution of false consignment note on the purchase of the embezzled assets by Enterprise Yu from the sole trader and their fictitious recognition in the accounting documents. Subsequently, enterprise Yu transferred the laundered assets to other company by bank transfer; the funds obtained from the sale were introduced and used in the enterprise's economic turnover.



Субъект хозяйствования	Company
Договор ответственного хранения	Contract of custody
Торговое унитарное предприятие «Ю»	Trade unitary enterprise Yu
ИП	Sole trader
Товарно-материальные ценности	Material assets
Эквивалент	Equivalent
1 600 \$	1,600 US Dollars
Ш	Mr. Sh.
Субъект хозяйствования 2	Company 2
Хищение товарно-материальных ценностей с последующей легализацией	Embezzlement of material assets with subsequent laundering
Безналичный расчет	Bank transfer
Лишение свободы с лишением права занимать определенные должности сроком на 3 года	Imprisonment and deprivation of the right to hold specific positions for a period of 3 years

Case study of FIU of Uzbekistan

Department for Economic Crime under the General Prosecutor's Office received a STR with the signs of large money turnover and a clear non-compliance of the product range with the receipts and expenditures.

Upon the financial analysis the following has been identified:

- Non-compliance of product range (cashing out of funds);
- 372 mln soms have been received for transportation services (no appropriate license);
- 2.3 bln soms have been received for construction and installation works (no appropriate technical facilities and personnel);
- 2.1 bln soms of unpaid taxes and other payments;
- Directors of the companies are nominees.

The next day after the receipt of the STR Department for Economic Crime under the General Prosecutor's Office sent an order to suspend transaction for a period of no more than 30 business days. Due to the neglect of duties of the bank's chief accountant during the execution of the order, the transaction was suspended with a deliberate delay of 1 hour, which resulted in the transfer of funds to the accounts of other entities.

In addition, the chief accountant by falsifying documents executed a false statement on the customer's behalf to close the accounts; this did not allow making the transfer of the funds of 3 bln soms subject to suspension.

In the course of the analysis data from:

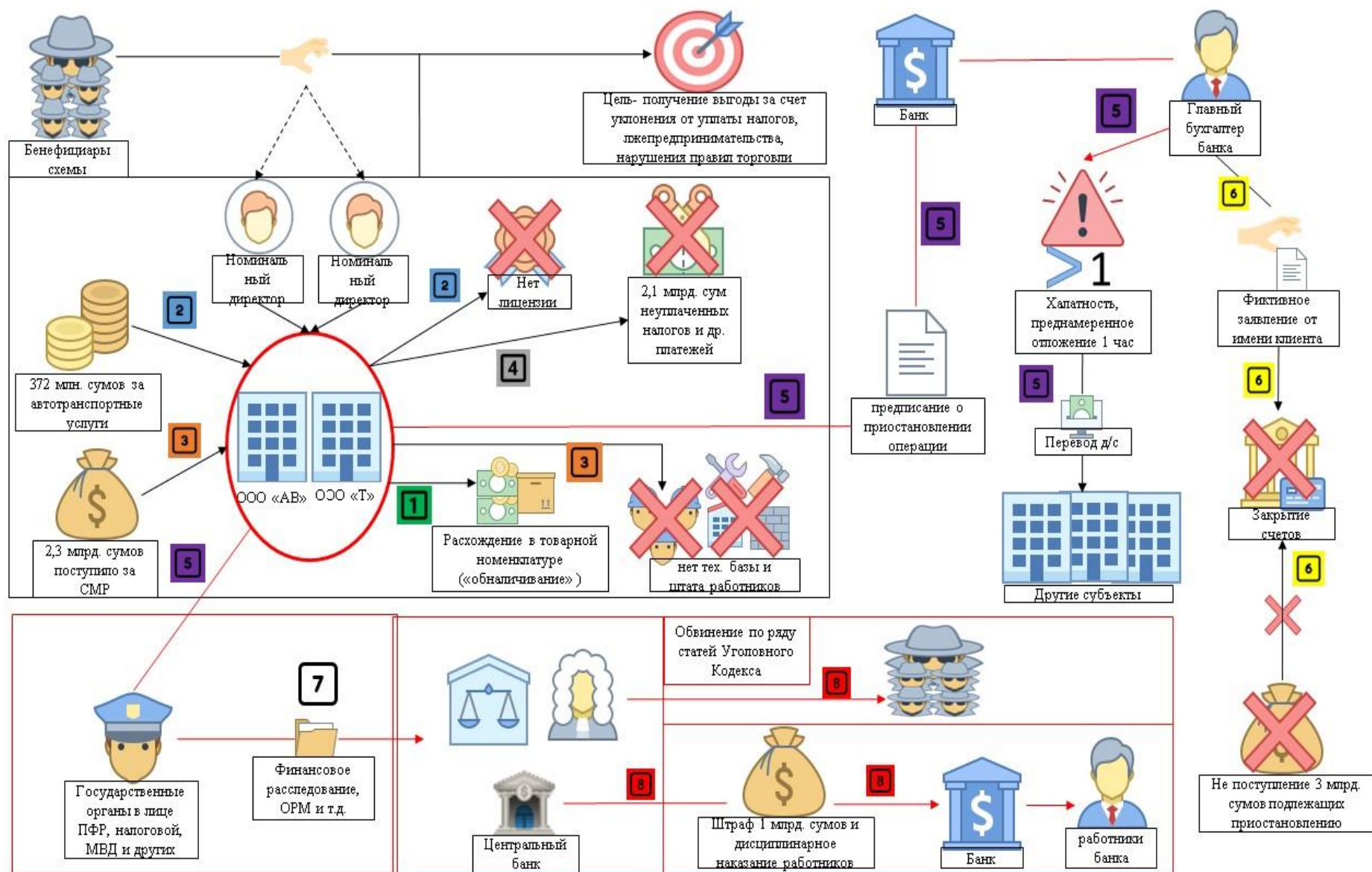
- STR database and additional information from FIs;
- Tax Committee's databases (tax report), Ministry of Foreign Affairs (identification of the companies' managers and criminal records), National Bank Depositor Database (bank accounts);
- request to Psychoneurologic Dispensary (registration with the Dispensary) were used.

Following the financial analysis and criminal intelligence operations, criminal cases have been initiated against the officials and shadow managers of T LLC and AV LLC under Article 167 (Embezzlement), Article 184 (Tax Evasion), Article 179 (False Business) and Article 189 (Violation of Trade Rules) of the Criminal Code. Criminal cases under Article 205 (Abuse of Power or Office) and Article 228 (Falsification of Official Documents) of the Criminal Code have been initiated against the bank's officials.

Department for Economic Crime under the General Prosecutor's Office gave instructions to the Central Bank to apply appropriate measures to the bank.

Following the inspection conducted by the Central Bank, a penalty of 1 bln soms was imposed on the bank; the employees were subjected to disciplinary punishments.

Following investigative actions, charges have been raised against the accused.



Номинальный директор	Nominee director
372 млн сумов за автотранспортные услуги	372 mln soms for transportation services
ООО «АВ» ООО «Т»	AV LLC and T LLC
2,3 млн сумов поступило за СМР	2.3 mln soms have been received for construction and installation operations
Государственные органы в лице ПФР, налоговой, МВД и других	FIU, tax authority, Ministry of Internal Affairs etc.
Финансовое расследование, ОМП и т.д.	Financial investigation, criminal intelligence operations etc.
Нет лицензии	No license
Расхождения в товарной номенклатуре («обналичивание»)	Non-compliance of the product range (cashing out)
Центральный банк	The Central Bank
Цель – получение выгоды за счет уклонения от уплаты налогов, лжепредпринимательства и нарушений правил торговли	The purpose is to gain profit from tax evasion, false business and violations of trade rules
2,1 млн сумм неуплаченных налогов и др. платежей	2.1 soms of unpaid taxes and other payments
Нет тех.базы и штата работников	No technical facilities and personnel
Обвинения по ряду статей Уголовного кодекса	Charges under a number of the Articles of the Criminal Code
Штраф 1 млрд сумов и дисциплинарное наказание работников	Penalty of 1 bln soms and disciplinary punishment on the employees
Банк	Bank
Предписание о приостановлении операции	Order to suspend transaction
Перевод денежных средств	Transfer of funds
Другие субъекты	Other companies
Работник банка	Bank's employee
Главный бухгалтер банка	Bank's chief accountant
Фиктивное заявление имени клиента	Fictitious statement on the customer's behalf
Заккрытие счетов	Closing of accounts
Непоступление 3 млрд сумов, подлежащих приостановлению	Non-receipt of 3 bln soms subject to suspension

Case studies of FIU of Kyrgyzstan*Case study 1*

In March 2019, The State Financial Intelligence Service under the Government of the Kyrgyz Republic (hereafter “SFIS”) received a STR from a foreign FIU stating that some sole trader made a number of money transfers from an account in Kyrgyz Bank to China, the correspondent of these transfers was an Austrian bank.

During the check of the bank transactions it was identified that from October 29, 2018 to November 22, 2018 cash of 1,509,314 US Dollard was deposited to the sole trader’s account.

Also, from October 29, 2018 to November 23, 2018 this sole trader made bank transactions to transfer funds to a number of Chinese companies; the total amount of the transfers accounted for 1,093,884 US Dollars.

The sole trader submitted similar agreements to purchase warm women’s clothes as the reasons to transfer the funds, the total amount of the funds specified in the agreements accounted for 599,430 US Dollars; reasons to transfer other amounts have not been specified.

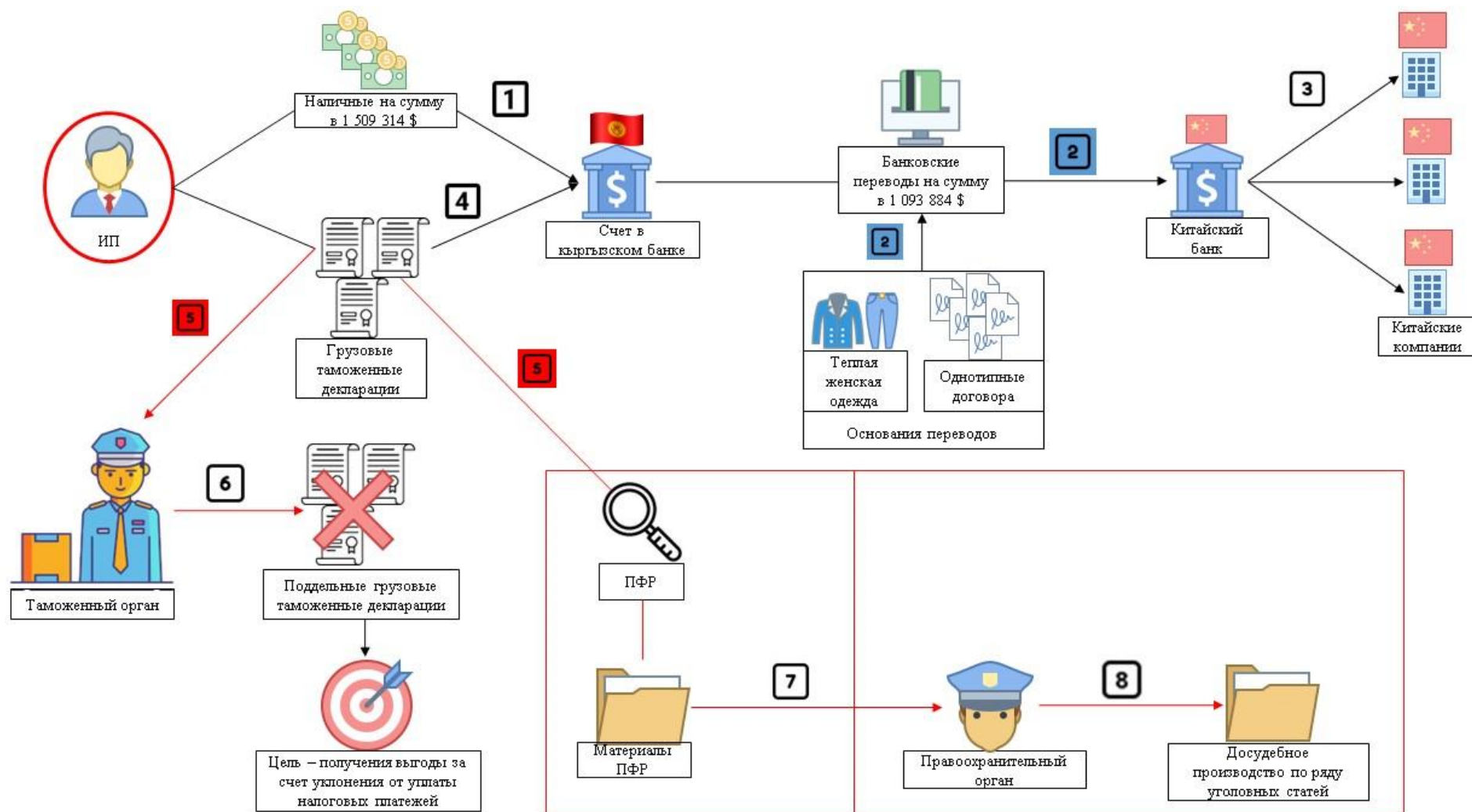
Also, to confirm the bank transactions, customs cargo declarations (“the CCD”) have been submitted, under which this sole trader obtained the goods, made their customs clearance and all the payments for the obtained goods.

In this connection, SFIS sent a request to the competent authority to confirm the authenticity of the CCD and the personal numbered seal on them, with which a competent official of the authority certified the customs clearance.

So, based on the information obtained from the competent authority it was identified that the CCD submitted to the financial institution as the reason to make the bank transactions were false.

For this reason, SFIS submitted information to the law enforcement authority of the Kyrgyz Republic in the form of consolidated material.

To-date, pre-trial proceedings into an act constituting an offence under Article 231 (Tax Evasion) of the Criminal Code of the Kyrgyz Republic have been launched.



Case study 2.

In May 2019, a letter on illegal gambling activities in the Kyrgyz Republic was delivered to the State Finance Intelligence Service under the Government of the Kyrgyz Republic (the SFIS) from a unit at the Prosecutor's Office.

The Law of the Kyrgyz Republic 'On Gambling Prohibition' effective in the Kyrgyz Republic does not allow this activity, including via the Internet network, regardless of the server location. According to the provisions of the same Law, legal persons and individual entrepreneurs are prohibited from receiving gambling bids either in cash or via an e-payment system.

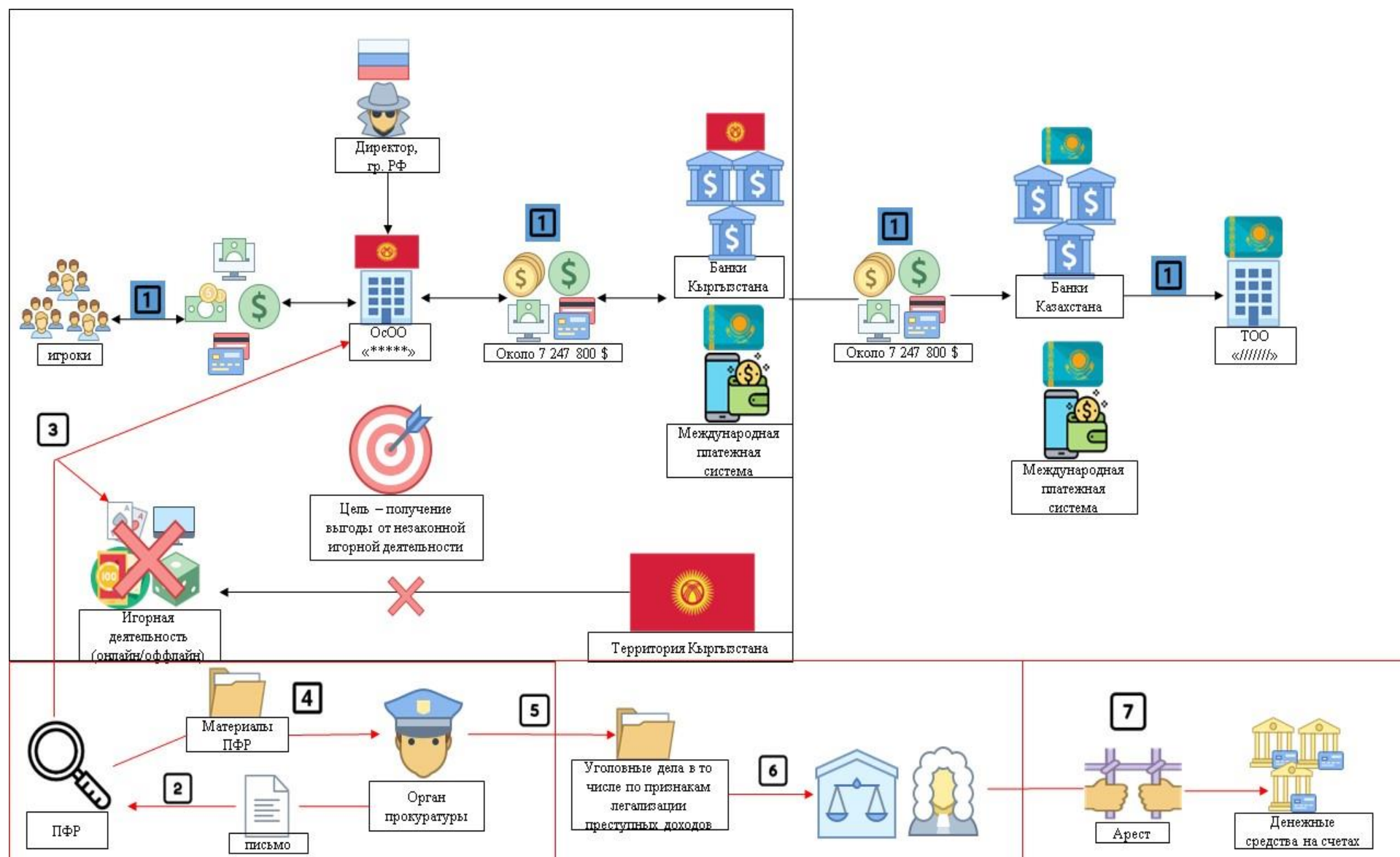
Thus, representatives of the Tennessee bookmaking firm's set up gambling activities using an e-payment system in defiance of the legal ban.

The financial investigation has found that the entity behind the aforementioned activities is '*****' OOO (LLC)(*the CEO is a foreign national*) that enlisting services of a foreign bank 'A', an international payment system 'W', and individual commercial banks and payment institutions are engaged in cash inflow and outflow and, specifically, make payments to '////////' **TOO (LLP, limited liability partnership)** (Kazakhstan) according to available information, the Kyrgyz company used to transfer funds by money orders to the Kazakh company to the tune of approx. **USD 7,247,800**.

In the course of the investigation, the evidence of money laundering from illegal gambling was established leading to pretrial proceedings No. ***** being instituted on May 31, 2019 over the crime falling within the definition of Article 215 of the Criminal Code of the Republic of Kazakhstan (Money Laundering (Legalization of Criminal Proceeds)).

Thus, on May 31, 2019, the investigating judge at the Pervomaisky District Court in Bishkek passed a resolution to freeze cash, securities and e-money available on the bank accounts of '*****'OOO.

Директор, гражданин РФ	CEO, a Russian national
Игроки	Players
Игровая деятельность (онлайн/офлайн)	Gambling (online/offline)
Цель – получение выгоды с незаконной игровой деятельностью	The object is to make a profit from illegal gambling activities
Банки Кыргызстана	Bank of Kyrgyzstan
Международная платежная система	International payment system
ПФР	FIU
Материалы ПФР	FIU materials
Органы прокуратуры	Prosecutor's Office authorities
Уголовные дела в том числе по признакам легализации преступных доходов	Criminal cases, including those initiated over money laundering
Арест	Attachment
Денежные средства на счете	Cash available on the account



Case study 3

Based on information obtained on financial transactions via international collaboration channels, we have placed ‘KT’ OOO under financial monitoring.

The financial monitoring exercises has revealed that ‘KT’ OOO is engaged in rendering intermediary services in the educational system under the *Agreement for Administrative Services* dated November 14, 2017 (the ‘Agreement’) made by and between *OWN (a resident enterprise in the FEZ)* registered with free economic zone authorities Umm Al Quwain, UAE.

The monetary funds were supplied by individuals from Russia and Kazakhstan, partially from Germany, Italy, Belarus, Ukraine, Slovakia, Singapore, Mongolia and Dominican Republic to ‘KT’ OOO c/o *OWN(OAO) for education* and there are also individual money orders detailed ‘for goods’ and ‘for books’.

The total amount of funds arriving at the bank accounts of ‘KT’ between October 2017 and February 2018 exceeded EUR 3 million, 420 thousand, including EUR 1 million 300 thousand being remitted to OWN (UAE).

Suspected sponsorship assistance, a substantial cash amount added to the account, no tax payments, and potential use of funds in third-party activities.

The file was handed over to the Economic Crimes Unit of Kyrgyz Republic, the criminal case of March 11, 2019 was initiated under Article 215, part 1 of the Criminal Code of the Kyrgyz Republic Money Laundering (Legalization of Criminal Proceeds).

Under the pretrial proceedings based on the resolution passed by the Pervomaisky District Court in Bishkek dated May 16, 2019 the servicing bank froze the account of ‘KT’ holding the balance of over EUR 2 M.

Note: The information was submitted to the FIU of the Russian Federation on May 22, 2019.

Case study 2

The FIU of the Kyrgyz Republic received from a foreign FIU an initiative letter on suspicious cash transactions, specifically large cash amounts in foreign currencies were transferred to Hong Kong, China and China by the ‘A’ OOO companies. A decision was made to conduct an in-depth investigation. Inquiries were submitted to financial Institutions and public authorities in the Kyrgyz Republic. The following has been found in the process of examining the available data and received responses:

1. ‘A’ OOO was incorporated by a foreign national. The inspection has uncovered its affiliated entities – ‘B’ OOO and Sole Proprietor ‘RRR’ in the Kyrgyz Republic, whose core business is non-specialized wholesale trade. A group of persons comprising Kyrgyz nationals were acting as authorized persons (agents) of these businesses. This group was dealing with processing cash through bank registers and authorized persons when conducting operations;

2. Overall, since inception, above USD 10 M was remitted outside of the Kyrgyz Republic for various textile products. However according to the State Tax Service of the Kyrgyz Republic it was established that these companies and the sole proprietor were not registered as tax payers.

3. According to competent public authorities, ‘A’ OOO was not engaged in foreign economic activities.

4. It has also been found that these entities were not serviced by the commercial banks ‘B’ and ‘C’ based in the Osh Oblast (Region), Kyrgyz Republic. The bank has been found to miss the due date for submitting a STR.

Afterwards, during the examination of all these data it has been inferred that these persons might be involved in the money laundering scheme (the scheme features signs of structuring and layering funds and funds were paid in cash to cover up actual sources of origin). The money could be refunded in the form of textile products that are most likely imported by smuggling.

Some telltale signs of money laundering (legalized crime proceeds) and tax evasion have been detected in the business of ‘A’ OOO, ‘B’ OOO and Sole Proprietor ‘RRR’.

Following the investigation the materials were submitted for review to competent authorities where pretrial proceedings were instituted over tax evasion.

Case study 4

The FIU of the Kyrgyz Republic received from law enforcement authorities a letter on suspicious activities by a Branch Office of the Company YU, specifically, massive cash withdrawals. A decision was made to conduct an in-depth investigation. Inquiries were submitted to financial Institutions and public authorities in the Kyrgyz Republic. The following has been found in the process of examining the available data and received responses:

1. Non-cash funds in large amounts come in to the legal person registered in the Kyrgyz Republic (the Branch Office of the Company YU) from the legal person (Business 'B'), registered in the Russian Federation. The basis for payment is a down payment for used jewelry items (jewelry scrap, semi-finished products based on precious metals with a minimum 375 gold content of 37.5%) under a contract. The total cash inflow to the accounts of the Branch Office of the Business YU is about RUB 0.5 bln. The founder of the Branch Office of the Business YU was a Russian national (the founder of the parent company based in the Russian Federation) but the primary management of the company was exercised by another Russian national (Deputy) and nationals of Kyrgyz Republic (the M family).

2. Once funds were deposited into the accounts of the Branch Office of 'TS' OOO, the bulk of cash was withdrawn and converted into national and foreign currencies while some portion was transferred to accounts of individual entrepreneurs (sole proprietors) by way of payment under a used jewelry procurement contract. Upon arrival at sole proprietors' accounts, cash was withdrawn, in some cases with involvement of the M family.

3. According to competent public authorities, the Branch Office of the Business YU was not engaged in foreign economic activities. Since inception, it has made tax payments to the tune of about UZS 80,000. It was licensed to procure bullion gold and gold concentrate.

4. The sole proprietors were patented to carry on their trade immediately prior to being contracted by the Branch Office of the Business YU. Virtually none (except one sole proprietor) of individual entrepreneurs were registered with a competent authority. All contracts with sole proprietors required that the volume of used precious metals to be procured was not exceeded UZS 8 M (which is viewed as a sign of tax evasion from a perspective of our legal system).

5. The M family and the founder of 'TS' set up a similar scheme involving 'K' OOO, 'J' OOO and 'T' OOO where cash inflow was made from the business 'B' (Russia) and some other persons registered in Russian on the same grounds. The list of founders included some Russian nationals.

6. According to a competent authority, the Deputy, M Family and some other persons made multiple (from 24 to 2) crossings of the border with the Kyrgyz Republic towards CIS countries.

7. An approximate total volume of operations for all the aforementioned suspects was worth RUB 1.5 bln.

Afterwards, in the course of the analysis of these data, it has been inferred that these persons were involved in money laundering schemes (the scheme features indications of structuring and layering funds by withdrawal and conversion) culminating in refunding using cash.

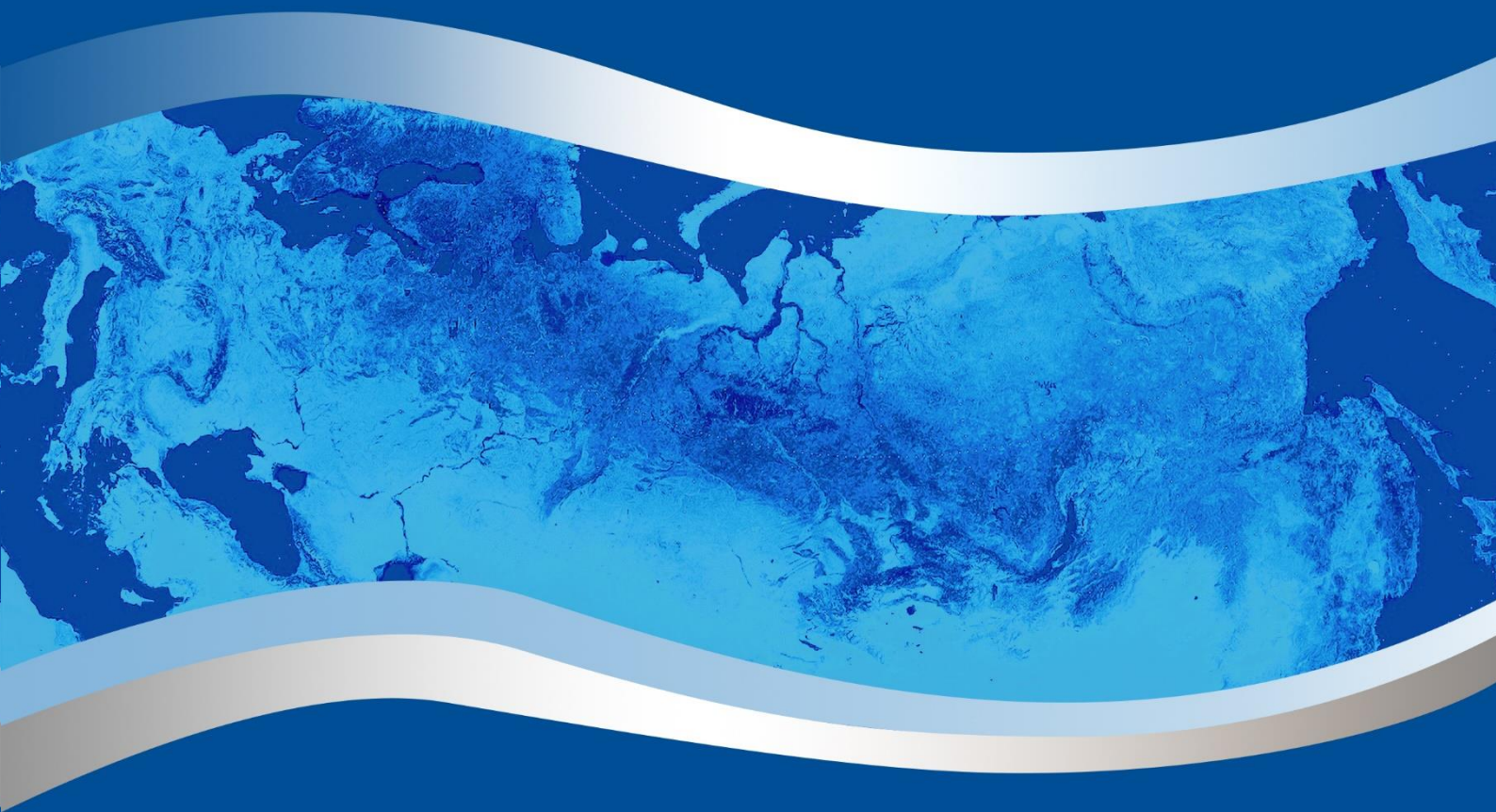
Some telltale signs of money laundering (legalized crime proceeds), tax evasion and pseudo-entrepreneurship have been detected in the business of the Branch Office of Business YU and related persons ('K' OOO, 'J' OOO and 'T' OOO).

Following the investigation, the investigation materials were submitted for review to respective competent authorities. A criminal case was initiated over the evidence of money laundering.

Also, **Kyrgyzstan's FIU** notes the following consolidated information on cases/typologies:

- work on a case normally commences from the receipt of a STR or information from law enforcement authorities;
- forged documents, reduced value of goods and intermediary services in progress were noted as methods/tools used by parties involved in the case;
- evasion from taxes and customs fees is classified as tax or business crimes;
- the following suspicious criteria/signs have been used: 1) large cash lodgments; 2) structuring cash amounts; 3) loan-related transactions; 4) document forgery; 4) creation of Ponzi schemes;

- the common methods/means and/or actions/cash movements, etc.: Large cash lodgments followed by money transfer to a foreign country for goods/services. These funds are owned by various businessmen who have no intension to transfer money on their own behalf. However, sham contract are normally presented in these cases. The flow movement scheme for the most part is identical.



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