Revenue’s Strategy For Combating the Illegal Trade in Mineral Oils (2011-2013)

One of Revenue’s core strategies for 2011-2013 is to “target and confront those who do not comply” with their obligations under tax and duty law. In line with this strategy, Revenue is giving priority to business programmes and measures that are specifically focused on tackling the illegal trade in mineral oils.

The illegal trade in mineral oils constitutes a very serious threat to the Exchequer, through the loss of revenue from Mineral Oil Tax and other taxes. It is, therefore, a key aim for Revenue to act against all aspects of this illegal trade, including, in particular, the laundering of marked products and the emerging trend of the sale of laundered diesel through filling stations. This action will both deter and severely limit the opportunities for criminal activity, protect legitimate business and employment, secure tax and duty yields for the Exchequer and reduce the threat posed to the environment by activities such as fuel laundering.

Revenue will work against this criminality through a range of programmes that are designed to complement and reinforce each other so that optimum efficiency and effectiveness are achieved from the resources deployed. These programmes focus on strengthening the controls applying to the distribution and sale of mineral oils and tackling key aspects of the illegal trade, particularly the sourcing of marked oils for illegal use, oil laundering and distribution and retailing of laundered oils, based on effective gathering, analysis and use of intelligence and the targeted deployment of enforcement resources. Our aims are to ensure the best possible coverage of the risks posed by this illegal activity, to maximise the number of detections of illegal activity and to ensure that appropriate action is taken against those detected with an involvement in illegal activities.

More effective administration of excise duties and significant enhancement of Revenue’s risk framework will be achieved through the integration of excise duties as individual taxes into Revenue’s mainstream IT systems.

Revenue will strengthen cooperation with other public bodies, with the authorities in other jurisdictions, and with the legitimate trade, in combating these activities. Our approach, which will be comprehensive and draw on the full range of powers available to us, is set out below under a range of strategic headings.
Strategic Actions
Revenue will ensure, making optimum use of available resources, that rigorous enforcement action is taken against abuses at all stages of the supply chain for illegal mineral oils.

Rigorous Enforcement

- Ensure that enforcement action tackles all elements of the criminal activity associated with illegal mineral oils, including smuggling and laundering and the holding, delivery, sale or use of such oils. Achieve this, in particular, through enhanced monitoring and control of the distribution of oils, including the introduction of new obligations for persons dealing in oils (see Strategy 6).
- Utilise the full range of Revenue powers against such activities, including revocation of excise licences, seizure of products and enhanced usage of excise duty and tax audits and assessments.
- Increase and enhance the use of intelligence, to inform the nature of the enforcement action against current criminal activities and to allow early identification of new problems or issues.

Strategic Actions
Revenue is committed to prosecuting all serious cases of production, keeping, sale or use of illegal mineral oils, and unlicensed trading.

Increase Prosecutions

- Pursue to prosecution all appropriate cases where the production, keeping, sale, delivery or use of illegal mineral oils is detected.
- Initiate prosecutions for breaches of Mineral Oil Tax Regulations relating to the receipt, holding or delivery of marked mineral oils.
- Review and put in place more effective identification measures that target cases suitable for prosecution.
**Strategy 3**

**Strategic Actions**

Revenue will take steps to ensure that the legitimate trade in mineral oils remains compliant.

- **Maintain Compliance of Legitimate Trade**
  - Maintain and enhance communications with the legitimate trade, to ensure full awareness of, and ongoing compliance with, the legal obligations attaching to involvement in the trade.
  - Ensure strict enforcement of the licensing requirements for involvement in the mineral oils trade.

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**Strategy 4**

**Strategic Actions**

Revenue will further develop cooperation and intelligence sharing at organisational, national and international level.

- **Enhance Cooperation**
  - At Organisational Level: Build on existing cooperation and information /intelligence sharing between Regions and Divisions, with a view to optimising effectiveness in acting against the illegal trade in mineral oils.
  - At National Level: Further develop cooperation with—
    - Other State agencies, including the Criminal Assets Bureau, An Garda Síochána, the Department of the Environment, Community and Local Government, the Environmental Protection Agency and local authorities.
    - Trade bodies, including the Irish Petrol Retail Association and the Society of the Irish Motor Industry.
  - At International Level: Maintain, and further develop, relationships with other Tax and Customs Administrations and in particular, given common interests and concerns, with Her Majesty’s Revenue and Customs in the UK. Pursue opportunities for addressing the question of mineral oils fraud in the EU context.
## Strategy 5

**Strategic Actions**
Revenue will enhance the capability to combat the illegal trade in mineral oils by incorporating excise duties into Revenue’s mainstream IT systems.

### Enhance IT capability
- Bring excise duties into line with the other taxes by incorporating them into mainstream IT systems, to provide enhanced risk analysis and ability to better target those involved in evasion of excise duty at the various stages of the supply chain.

## Strategy 6

**Strategic Actions**
Revenue will develop and progress proposals for any necessary changes to the law on mineral oils control and enforcement.

### Strengthen the Law
- Develop legislative proposals for strengthening the provisions governing the licensing of retailers and other dealers in petrol and diesel.
- Develop enabling provisions in primary law to allow for tighter control of the supply chain in marked mineral oils, drawing in particular on the UK experience in this area.
- Amend the secondary law relating to mineral oils to clarify and strengthen the responsibilities of persons who hold, sell or deliver marked mineral oils.
- Develop legislative proposals (a) to expand the range of offences and presumptions; and (b) to increase the level of criminal and civil sanctions in relation to Mineral Oil Tax offences.

## Strategy 7

**Strategic Actions**
Revenue will work to develop improved methods for the marking of mineral oils to which a reduced rate of Mineral Oil Tax applies.

### Improve marking of mineral oils
- Prioritise the development and bringing into use, in cooperation with the UK, of an enhanced marker for identifying mineral oils to which a reduced rate of Mineral Oil Tax applies.
Strategic Actions
Revenue will, through publicity and information, focus on reducing the demand for illegal mineral oils.

Reduce demand for illegal mineral oils
- Inform the public on the negative aspects of the illegal trade in mineral oils, including tax loss, criminality and threats to the environment, with particular emphasis on the risks for motor vehicle engines.
- Encourage the provision to Revenue of information relevant to combating the illegal trade.
- Optimise media coverage for significant detections and seizures and other enforcement initiatives.

How Revenue will deliver and evaluate this strategy
Revenue will implement this strategy through the development and execution of annual corporate action plans. The Excise Management Group (EMG) will coordinate implementation and ongoing development of the strategy and report periodically on progress to the Revenue Board and Management Advisory Committee (MAC). The Business Management Executive (BMEX) will deliver the strategy at operational level and will coordinate and evaluate implementation by Regions and Divisions of all operational aspects of the strategy, including enforcement and compliance programmes and operations. Regional /Divisional Assistant Secretaries will be responsible for implementing the strategy within their respective Regions /Divisions and will report on progress, outcomes, etc., to the BMEX.

BMEX will evaluate the effectiveness and efficiency of enforcement and compliance operations on the basis of regular performance reports to ensure optimum allocation of resources and to identify legal or other obstacles to tackling this criminality. The number of detections and prosecutions will continue to be a key indicator of performance. The overall strategy to combat mineral oil fraud will be evaluated and adapted periodically by the EMG on the basis of BMEX performance and evaluation reports and other relevant factors and developments.