



Collaboration among authorities makes carbon trading fraud more difficult

Danish daily newspaper *Ekstra Bladet* claims on 1 December that Denmark is a haven for carbon trading fraudsters. Neither the Danish tax authorities nor the Danish Energy Agency agrees with this claim.

There is no evidence to suggest that the Danish Emission Trading Registry has been used extensively for VAT fraud, or to suggest that the Danish Emission Trading Registry is a centre for all VAT fraud taking place at EU level.

The Danish Energy Agency's Emission Trading Registry follows EU regulations for setting up accounts in the registry. Moreover, the Danish tax authorities, SKAT, and the Danish Energy Agency collaborate closely on the exchange of information from the Danish Emission Trading Registry, which enhances the possibilities for detecting suspicious transactions. So far, only a few tax authorities in other countries have similar access to their national emissions trading registries.

The case which *Ekstra Bladet* refers to does not question the reliability of the European emissions trading system in terms of reducing carbon emissions or "hot air". Rather, it is about private individuals and companies who are not subject to the European emission trading system, but who are potentially guilty of VAT fraud in connection with buying and selling CO₂ allowances. Authorities in the EU have known about the method for several months, and cases are currently being investigated in a number of EU Member States. If any suspicious transactions have taken place via the Danish Emission Trading Registry, the Danish tax authorities will assist the relevant countries in their investigations.

In Denmark, the Danish Parliament adopted a bill on 3 December submitted by the Danish Minister for Taxation which aims to eliminate the possibility for VAT fraud in connection with carbon emission trading. The Danish Energy Agency, which manages the Danish Emission Trading Registry, has assisted

SKAT in this matter, and SKAT has worked closely with tax authorities in other EU Member States on the exchange of information. With the adoption of the bill, Denmark follows the lead of France, the UK, the Netherlands and Spain, which have introduced similar legislative measures in order to prevent this type of fraud.

At EU level, the common regulations for national emission trading registries are being investigated, including possibilities of stricter rules for setting up accounts. Furthermore, in collaboration with SKAT, the Danish Energy Agency is looking into realistic possibilities for tightening the control of information which private individuals and enterprises submit in connection with setting up private accounts in the Danish Emission Trading Registry.

For further information about carbon trading fraud please contact SKAT's press unit at +45 0900.

For further information about the Danish Emission Trading Registry please contact the Danish Energy Agency's press unit at + 45 6856 or +45 3392 6677.

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