

OLAF plays a central role in uncovering a major VAT and customs fraud involving imports of undeclared goods

The European Anti-Fraud Office (OLAF) has played a central role in uncovering a large-scale customs and VAT fraud scheme involving imports of textiles, footwear, electric bicycles and other goods - leading to significant criminal enforcement action by the European Public Prosecutor's Office (EPPO) in Poland.

Acting on information from Polish Customs, OLAF opened an investigation into suspected misuse of EU customs procedures. OLAF led the analytical and operational work from the start: mapping complex trade flows, identifying high-risk consignments, and coordinating control actions across several Member States.

The investigation focused on the suspicion of abuse of two key mechanisms – the transit procedure and customs procedure 42. The transit procedure allows goods entering the EU to move across Member States without immediate payment of customs duties and VAT, provided that these are paid at the final destination. Customs procedure 42 enables importers to defer VAT at the point of entry when goods are transported to another Member State. In this case, both procedures were later found to be misused.

OLAF notified EU Member States and requested targeted checks, including physical inspections and analysis of archived X-ray images at EU borders to confirm the initial suspicion. It also carried out five physical checks in Belgium and Poland and organised coordinated control actions involving Belgium, Slovenia, Germany, Hungary and Poland. In parallel, OLAF gathered key evidence from economic operators, including logistics and e-commerce actors.

The findings revealed a complex and systemic modus operandi spanning several Member States which included removal of goods from transit procedures through false confirmations of arrival, misdeclaration of goods to benefit from lower duty rates, abuse of customs procedure 42 to evade VAT as well as fabrication of transport documents (CMRs) to simulate intra-EU movements.

Following its findings, OLAF alerted the EPPO, which opened a criminal investigation in connection with a criminal network importing goods via the Polish-Belarusian border that later led to the detention of nine suspects (see [EPPO's press release](#)). In parallel, OLAF conducted a complementary investigation, further reinforcing the evidentiary basis of the case.

OLAF contributed information to EPPO's recent criminal investigation in Poland, which identified fraud patterns consistent with those described in OLAF's report: goods entering the EU were falsely declared under the transit procedure (T1) as destined for other Member States, while in reality remaining in Poland. The scheme relied on falsified transport documents and the use of shell companies to evade customs duties and VAT.

OLAF estimates that the overall scheme led to the evasion of approximately EUR 118 million in customs duties and EUR 79 million in VAT, representing a significant loss to the EU budget.

Director-General of OLAF Petr Klement welcomed the results and said: *“This case highlights the important role of OLAF in detecting and analysing complex fraud schemes that harm the EU budget and distort fair competition for businesses operating lawfully across the Union. It also demonstrates the importance of close and effective cooperation between OLAF, the EPPO and national authorities, ensuring that investigative findings are swiftly translated into criminal action. OLAF will continue to support its partners and help protect a level playing field for companies across the EU.”*

OLAF mission, mandate and competences:

OLAF’s mission is to detect, investigate and stop wrongdoings related to EU funds.

OLAF fulfils its mission by:

- carrying out independent investigations into fraud and corruption involving EU funds, so as to ensure that all EU taxpayers’ money reaches projects that can create jobs and growth in Europe;
- contributing to strengthening citizens’ trust in the EU Institutions by investigating serious misconduct by EU staff and members of the EU Institutions;
- developing a sound EU anti-fraud policy.

In its independent investigative function, OLAF can investigate matters relating to fraud, corruption and other offences affecting the EU financial interests concerning:

- all EU expenditure: the main spending categories are Structural Funds, agricultural policy and rural development funds, direct expenditure and external aid;
 - some areas of EU revenue, mainly customs duties;
 - suspicions of serious misconduct by EU staff and members of the EU institutions.

Once OLAF has completed its investigation, it is for the competent EU and national authorities to examine and decide on the follow-up of OLAF’s recommendations. All persons concerned are presumed to be innocent until proven guilty in a competent national or EU court of law.

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