

Business Today

WEDNESDAY 12 August 2009 - ISSUE NO. 594


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31 charged over €10m VAT fraud

Karl Stagno-Navarra

Police investigators from the Economic Crimes Unit (ECU) yesterday presented writs of summons in Court against 31 persons, including two women, in connection with the alleged multi-million euro VAT Department fraud.

Inspectors Angelo Gafa, Ian Abdilla and Ivan Cilia presented the writ of summons to the Court Registrar with a long list of serious charges to be brought against the individuals who have been under investigation for the past four months.

While the accused cannot be named since they have not formally been charged before a Magistrate yet, Police sources explained that it is just a matter of days before the accused stand before a court to respond to the charges.

Seven of the accused are VAT Department employees, while the rest are reportedly company directors, accountants and criminals who reportedly operated as intermediaries between companies in default and the VAT Department.

News about the writs of summons presented in court triggered the Office of the Prime Minister to issue a statement later in the day, quoting Prime Minister Lawrence Gonzi saying "this shows that government always acted promptly whenever reports of irregularities were made."

He added that through these investigations, "the government is showing that it would not allow anyone to abuse the laws of the country," and insisted that the conclusions of these investigations send a "clear message that the government takes reports of irregularities very seriously."

The Office of the Prime Minister pointed out however, that what had taken place so far were police investigations, and this did not mean that the process was closed, and one had to await the decisions of the court.

Reacting to the Prime Minister's comments, the PL said that no one within the government was shouldering political responsibility for what had happened, in contrast to what took place in other democracies. This corruption case had reportedly cost Maltese taxpayers €10 million, and the Prime Minister had a duty to ensure that whoever was politically responsible should also assume his responsibilities, the PL said. "Only in this way could the government be taken seriously when it said it treated reports of abuse seriously."

The masterminds behind the scam - estimated to have cost government coffers a staggering €10 million - are being charged with bribery, fraud and organised crime, that carry heavy jail terms.



One of the accused who allegedly started the scam within the VAT Department, has told police during investigations that he managed to pocket up to €180,000 over two years.

The scam grew over the months

to involve six other employees at the VAT Department, while the criminal network that operated outside the department also widened and involved further people who were lured into having their VAT bills nulled or even becoming

beneficiaries from government refunds rather than owing the Department thousands of euros.

The people to be charged also include a number of businessmen in the catering, air-conditioning supply and construction sectors.

COLA to cost employers €38 million

Karl Stagno-Navarra

The cost of living adjustment, estimated to be in the region of €5 to €6 per week, is set to cost employers a staggering €38 million at a time of economic crisis, while jobs are at risk in strategic sectors such as tourism and manufacturing.

As finance minister Tonio Fenech announced last week that government is not intent on making any changes to the mechanism that

triggers a cost of living increase for workers to compensate for inflation during the previous year, employers have issued yet another stark warning that hundreds of jobs are at risk as from October.

"It is absurd to see that the good efforts made to safeguard jobs during this last difficult year will be literally thrown out of the window," said Joe Farrugia, Director General of the Employers Association.

Speaking to Business Today,

Farrugia explained that the worst part of the situation is that many countries in Europe are starting to exit the crisis, while Malta will be driving itself straight into a bigger crisis.

"I just cannot understand how government is not seeing that companies cannot afford to increase their wage bills to pay out such high compensation, and worse, for government induced inflation." ▶ page 3

Markets

Security	Closing Prices in Euro Tue 04-August-09	Closing Prices in Euro Tue 11-August-09	% Change from previous wk
Bank of Valletta p.l.c.	3.000	2.899	-3.367%
HSBC Bank Malta p.l.c.	2.980	2.650	-11.074%
Lombard Bank p.l.c.	2.600	2.600	0.000%
Middlesea Insurance p.l.c.	1.750	1.759	0.514%
Simonds Farsons Cisk p.l.c.	1.680	1.680	0.000%
GO p.l.c.	1.750	1.800	2.857%
I.H.I. p.l.c.	0.875	0.841	-3.886%
Plaza Centres p.l.c.	1.650	1.649	-0.061%
FIMBank p.l.c. (US\$)	\$1.290	\$1.289	-0.078%
Malta International Airport p.l.c.	2.350	2.350	0.000%
GlobalCapital p.l.c.	1.500	1.500	0.000%
Datatrak Holdings p.l.c.	0.190	0.190	0.000%
San Tumas Shareholdings p.l.c.	3.200	3.200	0.000%
Medserv p.l.c.	3.500	3.500	0.000%
Grand Harbour Marina p.l.c.	1.980	1.980	0.000%
6pm Holdings p.l.c. (GBP)	£0.590	£0.590	0.000%
Crimsonwing p.l.c.	0.390	0.390	0.000%
MaltaPost p.l.c.	0.700	0.690	-1.429%
RS2 Software p.l.c.	0.650	0.650	0.000%

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