



# Cyber and E-Crime attacks on the UK Tax Systems

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# Why attack HMRC systems?

- HMRC is attractive as an on-line fraud target
- Unlike other financial institutions we have no account balances
- HMRC has no overdraft limits or finite value to each customer account
- We are theoretically an inexhaustible source of funds

## How do these attacks take place?

- Use of Malware such as Zeus or Gozi
- Phishing using false HMRC web page
- HMRC assist by focussing in on key dates
- The attack is not on the HMRC system
- Tax agent attack

# Gozi Trojan – this is what a “spoof” HMRC site looks like

 HM Revenue & Customs

Online Services  
HMRC home | Contact us | Help

## Welcome to HMRC Online services

### Existing users

Please enter your User ID and password, then click the 'Login' button below.

**Please note:** Fields are not case sensitive.

User ID:

Password:

Login

- Digital Certificate user
- Lost User ID?
- Lost password?
- Lost or expired Activation PIN?
- If you have lost both your User ID and password please contact the HM Revenue & Customs (HMRC) [Online Services Helpdesk](#).

### New user

To register for online services please click the Register button below.

Register

- Digital Certificate user
- Frequently Asked Questions (FAQs)
- Computer requirements
- View a demo of HMRC's services
- Registration and Enrolment process

### News

**20 May 2010**  
[PAYE: Avoid late filing penalty for your 2009-10 Employer Annual Return](#)  
If you haven't yet filed your 2009-10 Employer Annual Return you may still be able to avoid being charged a late filing penalty.

**1 April 2010: VAT Legal Conditions**  
The legal conditions relating to submission of VAT returns and incentives for paying by an approved electronic method have been updated. You can access these by logging in to the HMRC website then following the 'Legal conditions' link on the 'Your account' page.

**VAT Online - Update**  
If you are trying to download the PDF version of your VAT Return and submission receipt but a blank page is being displayed, please see our [guidance](#).

**HMRC Bank Accounts**  
Set your payments to go to the new [HMRC bank accounts](#).

# Is the threat real?

## Operation Redbone - Facts and Figures

- Over 2000 UTRs used to submit claims (some supplied via email from the Ukraine)
- Over 500 bank accounts set up to launder proceeds.  
Amount stolen: estimated £4.7 million with £3.5 million stopped/ payments identified
- 11 Defendants found Guilty with sentences totaling 47 years
- Several further operations ongoing

# Is the threat real?

A convicted ITSA and online banking fraudster (left)  
poses with associates, possibly in Georgia





# Is the threat real?

## Operation Redbone Targets



# How valuable are HMRC Credentials?

Intelligence shows that criminals are increasingly aware of the value of acquiring HMRC information

- On international/Eastern European forums **HMRC credentials** (primarily agent credentials) have risen in value:

November 2009: \$10      ↑      February 2011: \$40

- While the online value of stolen **credit card details** has fallen:

November 2009: \$6      ↓      February 2011: \$3

- US\$4000 bounty offered to first person to 'hack' HMRC systems



# How much are HMRC losing to cyber/e-crime?

- Unknown - Recent illustrative estimate\* of ITSA fraud losses of £113 million p.a.
- Evidence of criminals 'testing' other HMRC regimes, such as VAT, Corporation Tax and Stamp Duty Land Tax
- Banks have faced cyber enabled frauds since 2004 and have seen a 400% increase in losses since then, despite introducing increased fraud prevention tools and techniques
- \* Based on an extrapolation over 12 months of infected computers, potentially compromised credentials and average fraudulent repayment losses