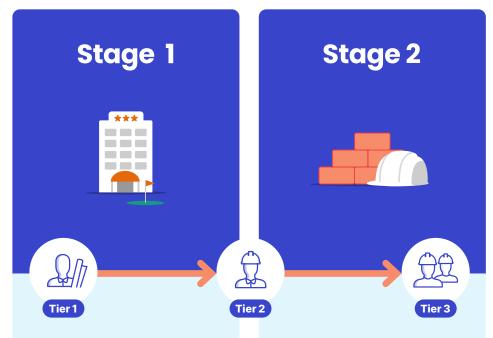


## The scheme – how it was set up



The **Tier 1 developers** contracted the **Tier 2 building companies** to construct a development, such as a hotel and golf course.

The **Tier 2 building companies** obtained supplies
or labour from the small (shell) **Tier 3 suppliers**, such as
a bricklayer.

Stage 3



The developer claimed they paid GST to the building companies and the building companies claimed they paid GST to the sacrificial suppliers – **GST skimming**.

Grossly inflated construction costs and purchases of goods between the companies that never actually occurred were also recorded to claim additional GST.

Stage 4





**Mr Li Zhang** conspired with the intention to cause loss to the Commonwealth of **\$15 million** by fraudulently obtaining GST refunds.

He was sentenced to 10 years in jail with a non-parole period of 6 years and 8 months