



Elmbridge
Borough Council

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ELMBRIDGE BOROUGH COUNCIL

**ANTI TAX EVASION POLICY
PROCEDURES AND REPORTING ARRANGEMENTS**

Version 1.0

Prepared by: Katie George

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Authorised for Issue: CMB

Next review due: 5 March 2020

Changes:

1. Introduction

- 1.1 In the light of Criminal Finances Act 2017, the Council has adopted a statement of our corporate value on anti-tax evasion. It is our policy to conduct all of our business dealings in an honest and ethical manner. The value statement governs all our business dealings and the conduct of all persons or organisations who are appointed to act on our behalf.
- 1.2 We request all our officers and all who have, or seek to have, a business relationship with the Council, to familiarise themselves with our anti-tax evasion value statement and to act at all times in a way which is consistent with our anti-tax evasion value statement.
- 1.3 The Council has a **zero tolerance** approach to all forms of tax evasion, whether under UK law or under the law of any foreign country.
- 1.4 Officers and Associates of the Council must not undertake any transactions which:
 - (a) Cause the Council to commit a tax evasion offence,
 - (b) Facilitate a tax evasion offence by a third party who is not an associate of the Council

We are committed professionally, fairly and with integrity in all our business dealings and relationships wherever we operate and implementing and enforcing effective systems to counter tax evasion facilitation.

At all times, business should be conducted in a manner such that the opportunity for, and incidence of, tax evasion is prevented.

2. Scope of the policy

- 2.1 This policy applies to all persons working for the Council or any subsidiary or on our behalf in any capacity, including employees at all levels, directors, officers and Associates (as defined below), including but not limited to agency workers, seconded workers, volunteers, interns, contractors, external consultants, third-party representatives and business partners, sponsors or any other person associated with us, wherever located.
 - This policy is adopted by the Council. It may be varied or withdrawn at any time, in the Council's absolute discretion. Officers in leadership positions are responsible for ensuring those reporting to them understand and comply with this policy.
 - The two wholly owned companies of the Council have their own policy to address their corporate value on anti-tax evasion and so are not specifically covered by this policy.

3. What is the facilitation of tax evasion?

For the purposes of this policy:

- 3.1 **Associates** includes officers or an agent of the Council who is acting in the capacity of an agent, or any person who performs services for and on behalf of the Council who is acting in the capacity of a person or business performing such services.
- 3.2 **Tax Evasion** means an offence of cheating the public revenue or fraudulently evading UK tax, and is a criminal offence. The offence requires an element of fraud, which means there must be deliberate action, or omission with dishonest intent.

- 3.3 **Foreign Tax Evasion** means evading tax in a foreign country, provided that the conduct is an offence in that country and would be a criminal offence if committed in the UK. As with **tax evasion**, the element of fraud means there must be deliberate action, or omission with dishonest intent.
- 3.4 **Tax Evasion Facilitation** means being knowingly concerned in, or taking steps with a view to, the fraudulent **evasion of tax** (whether **UK tax** or **tax in a foreign country**) by another person, or aiding, abetting, counselling or procuring the commission of that offence. Tax evasion facilitation is a criminal offence, where it is done deliberately and dishonestly.
- 3.5 **Tax evasion is not the same as tax avoidance** or tax planning. Tax evasion involves deliberate and dishonest conduct. Tax avoidance is not illegal and involves taking steps, within the law, to minimise tax payable (or maximise tax reliefs).
- 3.6 Tax means all forms of UK taxation, including but not limited to corporation tax, income tax, value added tax, stamp duty, stamp duty land tax, national insurance contributions (and their equivalents in any non-UK jurisdiction) and includes duty and any other form of taxation (however described).

4.1 **What officers must not do**

- 4.2 Officers and Associates must at all times adhere to the Council's anti-tax evasion value statement and must ensure that they read, understand and comply with this policy.
- 4.3 It is not acceptable for officers and Associates to:
- Engage in any form of facilitating **Tax Evasion** or **Foreign Tax Evasion**;
 - Aid, abet, counsel or procure the commission of a **Tax Evasion** offence or **Foreign Tax Evasion** offence by another person;
 - Fail to promptly report any request or demand from any third party to facilitate the fraudulent **Evasion of Tax** by another person, in accordance with this policy; or
 - Engage in any other activity that might lead to a breach of this policy; or
 - Threaten or retaliate against another individual who has refused to commit a **Tax Evasion** offence or a **Foreign Tax Evasion** offence or who has raised concerns under this policy;
 - An offence under the law of any part of the UK consisting of being knowingly concerned in, or taking steps with a view to, the fraudulent evasion of tax.

5. **Prevention through vigilance**

- 5.1 There is not an exhaustive list of **Tax Evasion** opportunities. At a more general level, the best defence against **Tax Evasion** and facilitation of **Tax Evasion** remains the vigilance of our officers and the adoption of a common sense approach supported by our clear whistleblowing procedure as set out in section 6. In applying common sense, officers must be aware of the following:

- Is there anything unusual about the manner in which an Associate of the Council is conducting their relationship with the third party (usually a customer)?
- Is there anything unusual about the customer's or Associate's conduct or behaviour at the dealership?
- Are there unusual payment methods?

5.2 High risk factors are listed below:

- Private banking
- Anonymous transactions (which may include cash)
- Non face-to-face business relationships or transactions
- Payment received from unknown or associated third parties
- The business relationship is conducted in unusual circumstances
- Non-resident customers
- Legal persons or arrangements that are personal asset holding vehicles
- Companies that have nominee shareholders or shares in bearer form
- Businesses that are cash intensive
- The ownership structure of the company appears unusual or excessively complex
- Countries identified by credible sources as not having adequate Anti-Money laundering and Counter-Terrorism Financing approaches
- Countries subject to sanctions, embargoes, or similar measures issued by, for example, the UN
- Countries identified by credible sources as providing support for terrorist activities, or that have designated terrorist organisations operating within their country

5.3 Unusual payment methods and unusual conduct of third parties with Council Associates can be indicative that a transaction may not be as it seems – please refer to the Council's 'Anti-money Laundering Policy' for further guidance on unusual payment methods and unusual conduct. Likewise the Council procedures outlined in the aforementioned policy for identifying the customer are also an important part of the Council's policy against tax evasion.

6. How to raise a concern – Whistleblowing Procedure

6.1 The Council maintains a policy of “stand up, speak up” in relation to any concerns. Officers are encouraged to raise concerns about any issue or suspicion of **Tax Evasion** or Foreign **Tax Evasion** as soon as possible. If there is any suspicion of any intention that a team member or Associate or third party is attempting to, or committing **Tax Evasion** or **Foreign Tax Evasion**, the details of the parties and the transaction must be reported to the below persons, using the confidential form at Appendix A, who will report the circumstances to HMRC.

Any queries or suspicions should be directed to the following:

- Sarah Selvanathan, Strategic Director and Deputy Chief Executive
- Andrew Cooper, Head of Finance

7. What happens if an officer prefers not to report their suspicions?

- 7.1 This should never happen. If there is any suspicion of any intention to evade tax and the transaction is nevertheless finalised, the Council can be criminally prosecuted, subject to a large fine and be publically named and shamed.

Appendix A - CONFIDENTIAL

Report to the Strategic Director and Deputy Chief Executive or Head of Finance

Report of Tax Evasion Activity

To: Strategic Director & Deputy Chief Executive; or
Head of Finance

From: _____

[insert name of employee]

Directorate: _____

[insert post title and Team

Ext/Tel No: _____

URGENT YES/NO

Date by which response needed: _____

Details of suspected offence:

Name(s) and address(es) of person(s) involved:

[If a company/public body please include details of nature of business, please supply as many details as possible]

Nature, value and timing of activity involved:

[Please include full details eg what, when, where, how. Continue on a separate sheet if necessary]

Nature of suspicions regarding such activity:

[Please continue on a separate sheet if necessary]

Has any investigation been undertaken (as far as you are aware)? [Delete as appropriate]

Yes / No

If yes, please include details below:

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Have you discussed your suspicions with anyone else?
[Delete as appropriate]

Yes / No

If yes, please specify below, explaining why such discussion was necessary:

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Please set out below any other information you feel is relevant:

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Signed: _____ Dated: _____

Please do not discuss the content of this report with anyone you believe to be involved in the suspected tax evasion activity described.

THE FOLLOWING PART OF THIS FORM TO BE COMPLETED BY THE STRATEGIC DIRECTOR AND DEPUTY CHIEF EXECUTIVE

Date report received: _____

Date receipt of from acknowledged: _____

Consideration of Disclosure:

Action Plan:

Outcome of Consideration of Disclosure:

Are there reasonable grounds for suspecting tax evasion activity?

If there are reasonable grounds for suspicion, will a report be made to the HMRC ? [Delete as appropriate]	Yes / No
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If yes, please confirm date of report to HMRC: and complete the box below:

<u>Details of liaison with the HMRC regarding the report:</u>
Notice Period: from: to:
Moratorium Period from: to:

Is consent required from the HMRC to any ongoing or imminent transactions which would otherwise be prohibited act? [Delete as appropriate]	Yes / No
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If yes, please confirm full details in the box below:

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Date consent received from HMRC:

Date consent given by you to employee:

If there are reasonable grounds to suspect tax evasion, but you do not intend to report the matter to the HMRC, please set out below the reason(s) for non-disclosure:

[Please set out any reasonable excuse for non-disclosure]

Date consent given by you to employee for any prohibited act transactions to proceed:

Other relevant information:

Signed: _____ Dated: _____