

Criminal Finance Act 2017 Policy

The Criminal Finance Act 2017 came into force with effect from 30 September 2017. Part 3 of the Act introduces a new corporate criminal offence of failure to prevent the facilitation of tax evasion. The legislation applies to all businesses and all taxes. This particular offence is not about the company itself avoiding, evading or underpaying tax, but about the company failing to prevent its employees / agents / associates from facilitating the evasion of tax by another party. All corporates are affected and can be subject to prosecution for the facilitation of tax evasion by 'associated persons'.

It has always been a criminal offence for anyone to assist a third party in criminal tax evasion. The corporate offence of failure to prevent the facilitation of tax evasion is when all of the following circumstances apply: -

- Stage 1: There is criminal evasion by a taxpayer;
- Stage 2: There is the criminal facilitation of that evasion by an 'associated person' (e.g. an employee) acting for or on behalf of the 'relevant body' (Advance Construction Group); and
- Stage 3: The relevant body failed to prevent that facilitation.

An associated person is an employee, agent or other person who performs services for or on behalf of the relevant body. The associated person can be an individual or an incorporated body. The contractual status or label of a person performing services for or on behalf of the organisation does not matter, so, for example, employees, agents and subcontractors can be associated persons.

If any Advance Construction Group employee, agent or subcontractor is found guilty of assisting a third party to evade tax in the course of their duties, the company will automatically be charged with 'facilitating criminal tax evasion', and be liable, if found guilty, to unlimited fines, damage to reputation and loss of rights to bid for government contracts.

Examples of Corporate Criminal Offence are as follows:

- Making a payment overseas, for example to an overseas agent, in the knowledge that the agent intends to use the method of payment to evade tax
- Generally agreeing to misdescribe services provided to a third party in order to facilitate a VAT reclaim by them
- Allowing a payment for goods/services to be described as a donation so that the donor can claim tax relief
- Agreeing to misdescribe an income stream to take the payment outside with-holding tax obligation
- Accepting a request to pay one entity knowing that the goods/services have been provided by another entity and that the purpose of the change is to evade tax
- Buying goods for personal use through a company account and issuing a certificate for charitable relief
- Making a royalty payment in the knowledge that the recipient intends to use the method of payment to evade tax
- Agreeing to misdescribe goods being exported so that a lower rate of Customs duty becomes payable on import by a customer

Policy statement

The directors and management team are committed to preventing the facilitation of any form of tax evasion. We will not engage in or with any business that does not share our values and this commitment to prevention.

Advance Construction Group recognises the importance of fostering positive business relationships and the need to maintain the confidence of the many organisations with which it does business.

All cases of suspected facilitation of tax evasion by an associated person will be thoroughly and promptly investigated. Any company employee against whom evidence of facilitation is found, will be subject to the company's disciplinary procedures, which may result in dismissal.

Responsibilities of Individual Members of Staff and associates

Staff and associates are reminded that they are required at all times to abide by the Company's policies and procedures and must not assist a third party with evading tax.

Reporting suspected facilitation of tax evasion

If an employee suspects that improper, fraudulent or corrupt behaviour has occurred within Advance Construction Group, the following action should be taken: -

- the employee should make an immediate note of their concerns, including relevant details of events, conversations, dates, times and names of those involved
- the employee should report their concerns to a company director.
- If, however, the disclosure is about a director of the company then the disclosure may be made to HMRC on their fraud hotline - 0800 788 887



Drew Pankhurst (Finance Director):

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