

Progress Housing Group - Corporate Criminal Offences Factsheet

Purpose

The purpose of this factsheet is to provide information to suppliers, agents and other stakeholders to explain the Corporate Criminal Offences legislation, and what Progress Housing Group requires of all companies working with it. It is published as part of the commitment of the Group's senior management to implement and enforce effective systems throughout its business to monitor the risk of, and prevent and eliminate tax evasion, in accordance with the Act. It should be read and understood by all employees, agents and contractors of the Group.

Introduction

The Criminal Finances Act (2017) introduced a new 'Corporate Criminal Offence' of failing to prevent the facilitation of tax evasion. For companies that commit the offence, there is the risk of significant reputational damage and an unlimited fine. HMRC is currently actively tackling multiple such cases.

A Corporate Criminal Offence is committed when a company fails to prevent the facilitation of tax evasion by one of its associates (which could be an employee, contractor or any other person providing services for or on behalf of the company).

Progress Housing Group is committed to ensuring it does not commit a corporate criminal offence by facilitating tax evasion by another party, including ensuring there is no facilitation of tax evasion in its supply chain.

Corporate Criminal Offence – Details

The Act came into force on 30 September 2017. It creates the corporate offence of the facilitation of tax evasion, both UK and foreign tax. There are three stages that apply to both the domestic and foreign tax evasion facilitation offence:

- Stage one: the criminal tax evasion by a taxpayer (either an individual or a legal entity) under existing law;
- Stage two: the criminal facilitation of the tax evasion by an "associated person" of the relevant body acting in that capacity; and
- Stage three: the relevant body failed to prevent its representative from committing the criminal facilitation act.

The foreign offence covers tax evaded in a foreign jurisdiction.

Where the relevant body has put in place reasonable prevention procedures to prevent the criminal facilitation of tax evasion by an associated person (or where it is unreasonable to expect such procedures) the relevant body shall have a defence.

A criminal offence will be committed by the Group under the Act if:

- An associated person acting for or on behalf of the Group, facilitates the evasion of a UK or foreign tax; and
- The Group does not have adequate procedures in place to prevent the facilitation of tax evasion.

Associated persons are prohibited from facilitating any tax evasion, whether in respect of a UK or a foreign tax, whilst acting for or on behalf of the Group.

To ensure the Group does not commit a Corporate Criminal Offence, a robust Due Diligence process will be undertaken, both as part of the supplier/contractor setup process as well as on an ongoing basis.

Due Diligence

Due diligence will be undertaken, in accordance with the Group's procurement and risk management procedures, prior to entering into any contract, arrangement or relationship with a potential supplier of services or consultant.

The extent of the due diligence that will need to be carried out depends on the nature of the relationship and the risk of tax evasion occurring.

Supplier Requirements

Before entering into an engagement with the Group, suppliers are required to agree to the following:

- Review its own compliance with the Criminal Finance Act (2017), including ensuring it has adequate policies
- Ensure staff have adequate training on Corporate Criminal Offences.
- Review its own supply chain to ensure it is not facilitating tax evasion of its associates
- Consider the Corporate Criminal Offences section of the Group's Terms & Conditions, and confirm its agreement to these.

Depending on the size of the engagement and the nature of the work, suppliers may be asked to sign a Certificate of Compliance with CCO at the start of the engagement, and annually thereafter.

Further Reading

[Criminal Finances Act 2017 \(legislation.gov.uk\)](https://www.legislation.gov.uk/ukpga/2017/29)