



# Preventing Tax Evasion Policy

## Document history

| Version     | Date Reviewed | Key Amendments | Date Approved | Next Review Date |
|-------------|---------------|----------------|---------------|------------------|
| Version 1.0 | N/A           | New Policy     | October 2026  | October 2028     |

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## **1. Introduction**

- 1.1. The Criminal Finance Act 2017, which became law in the summer of 2017, sets out how those organisations categorised as ‘relevant bodies’ under the Act will be considered criminally liable where they fail to prevent those who act for, or on their behalf from criminally facilitating tax evasion.
- 1.2. The Act introduced new offences that will be committed where a relevant body fails to prevent an associated person criminally facilitating the evasion of a tax, and this will be the case whether the tax evaded is owed in the UK or in a foreign country.
- 1.3. Organisations, including Councils, could be liable to severe penalties if they fail to implement adequate procedures to prevent tax evasion.
- 1.4. On 1 September 2017 (updated May 2018), Her Majesty’s Revenue and Customs (HMRC) issued guidance <sup>1</sup> for relevant bodies formulated around the following six guiding principles:
  - a) Risk assessment;
  - b) Proportionality of risk-based prevention procedures;
  - c) Top level commitment;
  - d) Due diligence;
  - e) Communication (including training); and
  - f) Monitoring and reviewing.

## **2. Definition of Tax Evasion**

- 2.1. It is an offence to dishonestly “take steps with a view to” or “be knowingly concerned in” the evasion of the tax. For these offences to be committed it is not necessary that any tax actually be successfully evaded.
- 2.2. There are three stages that apply to both the domestic and foreign tax evasion facilitation offences.
  - 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;
  - Stage Three: the relevant body failed to prevent its representative from committing the criminal facilitation act.

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<sup>1</sup> [Corporate offences for failing to prevent criminal facilitation of tax evasion - GOV.UK](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/625111/Corporate_offences_for_failing_to_prevent_criminal_facilitation_of_tax_evasion.pdf)

### **3. Objective of the Policy**

- 3.1. The objective of the policy is to provide a coherent and consistent approach to all associated persons of East Herts District Council (the Council), on the prevention of tax evasion by those parties engaged in any form of activity with the Council.
- 3.2. A person is “associated” with the Council if that person or the incorporated body performs services for or on behalf of the Council. This includes Council employees, agency staff, contractors, elected members, or other person delivering service for or on behalf of the Council.
- 3.3. It will ensure that associated persons understand their responsibilities and allow them to take the necessary action, e.g. Reporting any potential breaches of the policy.
- 3.4. The policy will form part of the Council’s Anti-Fraud and Corruption Framework.
- 3.5. The Council is committed to preventing tax evasion and will not tolerate it in any of its activities.

### **4. Scope of the Policy**

- 4.1. The policy applies to all of the Council’s activities, including its work with strategic partners, third parties, suppliers and others. In the case of partnership working, the Council will seek to promote the adoption of this policy by its partners.

### **5. Ownership of the Policy**

- 5.1. The policy has the approval of the Strategic Leadership Team and Council. The policy applies equally to all staff, regardless of grade whether permanently employed, temporary agency staff, contractors, agents, all elected Members, volunteers and consultants.
- 5.2. The Chief Executive, Chief Financial Officer (S.151), and Director for Communities will own the policy, thereby ensuring that there is commitment at the highest level.

### **6. Adequate Procedures**

- 6.1. Whether procedures are adequate is for the courts to decide on a case by case basis. The procedures need to be applied proportionately based on the level of risk of tax evasion to the Council.
- 6.2. Adequate procedures cover:
  - Risk Assessment - The Council will assess the nature and extent of its exposure to being considered as having failed to prevent the act of tax

evasion.

- Top Level Commitment - The Senior Management Team and Cabinet are committed to supporting proportionate measures to safeguard against tax evasion and that this is clearly communicated to all managers, staff and partners of the Council.
- Due Diligence - That the Council can demonstrate it is confident that its business relationships are transparent and ethical.
- Clear, Practical and Accessible Policies and Procedures - That the Council's policies and procedures to prevent tax evasion are clear, practical, accessible and enforceable.
- Effective Implementation - The Prevention of Tax Evasion Policy and any related procedures are embedded throughout the Council. This means that statements setting out its commitment to preventing tax evasion are embedded in the recruitment, retention, and operational policies and in training programmes.
- Monitoring and Review - That the Council monitors and reviews its policies and procedures on a regular basis to ensure that they are current, up to date and fit for purpose.

## **7. Prevention of Tax Evasion Policy**

7.1. It is unacceptable to:

- Knowingly enter false or misleading information in relation to the employment of an individual to facilitate the underpayment of income tax;
- Knowingly, either solely or through collusion, processing invoice payments or raising debt to facilitate the underpayment of tax;
- Knowingly, either solely or through collusion, artificially document services supplied to the Council as being outside the scope of VAT;
- Knowingly, either solely or through collusion, helping an overseas contractor avoid overseas tax on payments they make to the Council; and
- Knowingly process a payment to an employee / contractor as an expense rather than another type of payment which would be subject to tax.

## **8. Responsibilities & Reporting Suspicions of Tax Evasion**

8.1 Prevention detection and reporting of bribery and other forms of corruption are the responsibility of all those working for the Council or under its control. All associated persons i.e. officers including third parties working or performing any

service on or behalf of the Council, are to avoid activity that breaches this policy, and must:

- Ensure that they read, understand and comply with the policy

### **Reporting Procedure**

Where you become concerned about an activity that you suspect involves tax evasion you should share your concerns with the Councils **Monitoring Officer** who can be contacted as per the details below:

- **Address:** Director for Communities. East Herts District Council, Wallfields, Pegs Lane, Hertford, SG13 8EQ
- **Email:** [jonathan.geall@eastherts.gov.uk](mailto:jonathan.geall@eastherts.gov.uk)

In addition, any such concerns can also be reported via the **Councils Whistleblowing Policy**:

- [EHDC Whistleblowing Policy](#)
- Email: [whistle.blower@eastherts.gov.uk](mailto:whistle.blower@eastherts.gov.uk)

Or; Via The Shared Anti Fraud Service (SAFS)

- **Address:** Hertfordshire County Council. Shared Anti-Fraud Service (SAFS) Floor Robertson House, Six Hills Road, Stevenage. Hertfordshire. SG1 2FQ
- **Email:** [fraud.team@hertfordshire.gov.uk](mailto:fraud.team@hertfordshire.gov.uk)
- **Telephone No:** 01438 844705

## **9. Sanctions**

- 9.1 Staff who breach this policy will be investigated and may face disciplinary action, which could result in dismissal for misconduct or gross misconduct.
- 9.2 The Procurement Act 2023 introduces mandatory exclusion of suppliers from participation in a procurement where the Council have determined that a supplier or connected person has been convicted for an offence referred to in Schedule 6 'Mandatory Exclusion Grounds', for which tax evasion is included.
- 9.3 The Council *may* be excluded a supplier from procurement where the Council *suspects* that a supplier or connected person has committed a tax related offence under the discretionary exclusion framework.

## **10. Monitoring and Review**

- 10.1 The Chief Executive, Chief Financial Officer (S.151), and Director for Communities will be responsible for reviewing this policy to ensure that it remains compliant with good practice and the needs of the Council.

## **11. Related Policies**

11.1 This policy should be considered alongside the following policies which further support the Council's approach to reducing tax evasion risks:

- Gifts and Hospitality
- Anti-Fraud and Corruption Policy
- Anti-Money Laundering Policy
- Anti-Bribery Policy
- Whistleblowing Policy
- Code of Conduct for employees
- Code of Conduct for Members
- Contract Procedure Rules and Regulations and Procurement Regulations
- Recruitment and Disciplinary Procedures