

## ANTI-FACILITATION OF TAX EVASION POLICY

### 1. Policy statement

- 1.1 It is our policy to conduct all University business in an honest and ethical manner. We take a zero-tolerance approach to facilitation of tax evasion, whether under English law or under the law of any foreign country.
- 1.2 We are committed to acting professionally, fairly and with integrity in all our dealings and relationships wherever we operate and implementing and enforcing effective systems to counter tax evasion facilitation.
- 1.3 We will uphold all laws relevant to countering tax evasion, including the Criminal Finances Act 2017.

### 2. About this policy

- 2.1 This policy supports the Financial Regulations. It sets out the approach of the University in meeting the requirement of the Regulations with regards to anti-facilitation of tax evasion and describes the means by which the principles of the Regulations should be applied in the day-to-day operations of the University.
- 2.2 The purpose of this policy is to:
- set out our responsibilities, and of those working for us, in observing and upholding our position on preventing the criminal facilitation of tax evasion and
  - provide information and guidance to those working for us on how to recognise and avoid tax evasion.
- 2.3 As an employer, if we fail to prevent our employees, workers, agents or service providers facilitating tax evasion, we can face criminal sanctions including an unlimited fine, as well as damage to the University's reputation.
- 2.4 We have identified that the following are particular risks for our business: payments to third parties, off payroll working, global mobility, research services and subcontracts, transfer pricing, donations, charitable tax reliefs. To address those risks, we have created a risk register with clear ownership of risks, mitigations and actions which is reviewed annually by the Director of Finance.
- 2.5 In this policy, third party means any individual or organisation you come into contact with during the course of your work for us, and includes actual and potential clients, customers, students, suppliers, distributors, business contacts, agents, advisers, and government and public bodies, including their advisers, representatives and officials, politicians and political parties.

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### 3. Who must comply with this policy?

- 3.1 All members of staff of the University and others connected with the University must comply with this policy and the approved system of financial controls stemming from it.
- 3.2 Unless otherwise stated, the terms 'members of staff' and 'staff' refers to people who have a paid contract of employment with the University or some other form of contractual relationship including but not limited to visiting and honorary staff, temporary staff, contract staff and contractors' staff acting on behalf of the University. The term 'others connected with the University' refers to members of Council, co-opted members of committees, volunteers and anyone else who is associated with the University but who is not a student or does not have a formal contractual relationship with the institution.

### 4. Who is responsible for the policy?

- 4.1 The Director of Finance has overall responsibility for ensuring this policy complies with our legal and ethical obligations, and that all those under our control comply with it.
- 4.2 The Assistant Director of Finance (Finance Corporate Services) has primary and day-to-day responsibility for implementing this policy, monitoring its use and effectiveness, dealing with any queries about it, and auditing internal control systems and procedures to ensure they are effective in preventing the facilitation of tax evasion.
- 4.3 Management at all levels are responsible for ensuring those reporting to them understand and comply with this policy.

### 5. What is tax evasion facilitation?

- 5.1 For the purposes of this policy:
- **tax evasion** means the 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
  - **foreign tax evasion** means evading tax in a foreign country, provided that 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 and
  - **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.
- 5.2 Under the Criminal Finances Act 2017, a separate criminal offence is automatically committed by an organisation such as the University where the tax evasion is facilitated by a person acting in the capacity of an "associated person" to that organisation. An "associated person" includes the University's employees and agents and any person who performs a service on the University's

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behalf which includes service providers, subcontractors, consultants and may also include joint venture partners and our subsidiaries. For the offence to be made out, the associated person must deliberately and dishonestly take action to facilitate the tax evasion by the taxpayer. If the associated person accidentally, ignorantly, or negligently facilitates the tax evasion, then the corporate offence will not have been committed. The University does not have to have deliberately or dishonestly facilitated the tax evasion itself; the fact that the associated person has done so creates the liability for the University.

5.3 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).

5.4 In this policy, all references to tax include national insurance contributions (and their equivalents in any non-UK jurisdiction).

**6. What you must not do**

6.1 It is not acceptable for you (or someone on your behalf) 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 (whether UK tax or tax in a foreign country), or any suspected fraudulent evasion of tax (whether UK tax or tax in a foreign country) by another person, in accordance with this policy
- engage in any other activity that might lead to a breach of this policy
- 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.

**7. Your responsibilities**

7.1 All members of staff and other connected to the University must ensure that they read, understand and comply with this policy.

7.2 The prevention, detection and reporting of tax evasion and foreign tax evasion are the responsibility of all those working for us or under our control. You are required to avoid any activity that might lead to, or suggest, a breach of this policy.

7.3 You must notify your manager as soon as possible if you believe or suspect that a conflict with this policy has occurred or may occur in the future. For example, if an employee or supplier asks to be paid into an offshore bank account, without good reason, or a supplier asks to be paid in cash, indicating that this will mean the payment is not subject to VAT. Further "red flags" that may indicate potential tax evasion or foreign tax evasion are set out in clause 11.

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**8. How to raise a concern**

- 8.1 You are encouraged to raise concerns about any issue or suspicion of tax evasion or foreign tax evasion at the earliest possible stage.
- 8.2 If you become aware of any fraudulent evasion of tax (whether UK tax or tax in a foreign country) by another person in the course of your work, or you are asked to assist another person in their fraudulent evasion of tax (whether directly or indirectly), or if you believe or suspect that any fraudulent evasion of tax has occurred or may occur, whether in respect to UK tax or tax in a foreign country, you must notify your manager or report it in accordance with our Raising Concerns Process as soon as possible.
- 8.3 If you are unsure about whether a particular act constitutes tax evasion or foreign tax evasion, raise it with your manager or through the Raising Concerns Process as soon as possible. You should note that the corporate offence is only committed where you deliberately and dishonestly take action to facilitate the tax evasion or foreign tax evasion. If you do not take any such action, then the offence will not be made out. However, a deliberate failure to report suspected tax evasion or foreign tax evasion, or "turning a blind eye" to suspicious activity could amount to criminal facilitation of tax evasion.

**9. Training**

The University will provide appropriate general training which is available to all members of staff and others connected with the University.

The training is compulsory for all individuals and groups of staff identified in the risk register maintained by Assistant Director of Finance (Finance Corporate Services) and reviewed annually by the Director of Finance.

Depending on the risks identified in relation to their role some staff may be required to undertake further specialist training. These staff should consult the Assistant Director of Finance (Finance Corporate Services) to agree an action plan where more support or information is required.

By virtue of their position the general training must also be completed by:

- Members of the University Executive
- Directors of Professional Services, their deputies and staff nominated by them
- Heads of School, their deputies and staff nominated by them
- Heads of Professional Services and staff nominated by them
- All Finance Division staff
- All Human Resources and Payroll staff
- All Research Finance staff

Training should be undertaken at least every three years. Completion will be monitored by the Director of Finance.

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University Council is also required to maintain an awareness of the legislation and the steps the University is taking to ensure compliance. Communication to Council will be the responsibility of the Director or Finance.

**10. Breaches of this policy**

- 10.1 Any employee who breaches this policy will face disciplinary action, which could result in dismissal for misconduct or gross misconduct.
- 10.2 We may terminate our relationship with other individuals and organisations working on our behalf if they breach this policy.

**11. Potential risk scenarios: "red flags"**

The following is a list of possible red flags that may arise during the course of you working for us and which may raise concerns related to tax evasion or foreign tax evasion. The list is not intended to be exhaustive and is for illustrative purposes only.

If you encounter any of these red flags while working for us, you must report them promptly to your manager or in accordance with our Raising Concerns Process:

- you become aware, in the course of your work, that a third party has made or intends to make a false statement relating to tax, has failed to disclose income or gains to, or to register with, HMRC (or the equivalent authority in any relevant non-UK jurisdiction), has delivered or intends to deliver a false document relating to tax, or has set up or intends to set up a structure to try to hide income, gains or assets from a tax authority
- you become aware, in the course of your work, that a third party has deliberately failed to register for VAT (or the equivalent tax in any relevant non-UK jurisdiction) or failed to account for VAT
- a third-party requests payment in cash and/or refuses to sign a formal commission or fee agreement, or to provide an invoice or receipt for a payment made
- you become aware, in the course of your work, that a third party working for us as an employee asks to be treated as a self-employed contractor, but without any material changes to their working conditions
- a supplier or other subcontractor is paid gross when they should have been paid net, under a scheme such as the Construction Industry Scheme
- a third-party request that payment is made to a country or geographic location different from where the third party resides or conducts business
- a third party to whom we have provided services requests that their invoice is addressed to a different entity, where we did not provide services to such entity directly

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- a third-party to whom we have provided services asks us to change the description of services rendered on an invoice in a way that seems designed to obscure the nature of the services provided
- you receive an invoice from a third party that appears to be non-standard or customised
- a third party insists on the use of side letters or refuses to put terms agreed in writing or asks for contracts or other documentation to be backdated
- you notice that we have been invoiced for a commission or fee payment that appears too large or too small, given the service stated to have been provided
- a third party requests or requires the use of an agent, intermediary, consultant, distributor or supplier that is not typically used by or known to us
- a third-party request that a payment is classed as a donation despite receiving goods or services in return
- classifying research services acquired from an overseas third party as outside the scope of VAT in order to evade VAT reverse charge.
- goods are purchased using a University account but for the personal use of an individual and charitable VAT relief is claimed on the acquisition.
- notifying an import courier that goods qualify for import duty reliefs when they do not.
- using or facilitating the use of research residue accounts for personal non-business purposes, thereby evading income tax.
- an employee works substantially or wholly overseas and at face value does not appear to pay income tax or social security in the overseas territory
- declaring that goods ordered are for use in medical or veterinary research, teaching, diagnosis when they are not.

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