

Guidance: Criminal Finances Act 2017

What do I need to know?

Post Office Limited (Post Office) applies a zero tolerance policy to criminal tax evasion and the criminal facilitation of criminal tax evasion.

It is committed to preventing such facilitation within all parts of the business. If any associated person of Post Office (which includes suppliers) criminally helps or allows any other person to evade tax, not only does that associated person commit a criminal offence, it may also cause Post Office to do the same.

Definitions:

Associated person	Includes employees, agents, <u>suppliers</u> , contractors/subcontractors or any other person or representative who performs services for or on behalf of a relevant body, acting in that capacity.
Criminal facilitation	Means deliberately and dishonestly being knowingly involved in, aiding, and abetting, counselling, procuring or otherwise taking part in, criminal tax evasion by another person (a taxpayer).
Criminal tax evasion	Means deliberately and dishonestly cheating the public revenue or being knowingly involved in, or taking steps with a view to, the fraudulent evasion of a UK tax (such as income tax, VAT and NIC) or foreign tax.
Relevant body	Means incorporated bodies such as companies and partnerships. Post Office is a "relevant body".
Taxpayer	Includes individuals and incorporated bodies.

The Criminal Finances Act 2017 (Act) came into force on 30 September 2017, introducing a criminal corporate offence on a relevant body to fail to prevent its associated persons from committing the facilitation of tax evasion offences. The punishment for this "failure to prevent" offence is an unlimited financial penalty. For the Post Office to commit this offence there must be:

- Stage 1: Criminal tax evasion by a taxpayer under existing law; and
- Stage 2: Criminal facilitation of criminal tax evasion by an associated person of Post Office (such as a supplier); and
- Stage 3: Failure of the relevant body (Post Office) to prevent the criminal facilitation by its associated person (unless the relevant body has in place reasonable procedures to prevent such facilitation).

How does the Act apply to suppliers?

Both criminal tax evasion and the criminal facilitation of it are already criminal offences.

For the purposes of the Act:

- All suppliers are Post Office's associated persons. The Post Office's zero tolerance policy to criminal facilitation of criminal tax evasion applies to all associated persons.
- Where a supplier is an incorporated body, it is also itself a relevant body.

So this means that:

- If you yourself are involved in criminal facilitation, this is already an offence;
- If you are a relevant body you could commit the new offence of failing to prevent criminal facilitation;

- As you are an associated person of Post Office, you could cause Post Office to commit the new “failure to prevent” offence if you are involved in criminal facilitation.

For example:

If an employee of a supplier (or a subcontractor) deliberately helped another to evade the payment of tax, the employee would be facilitating the commission of a tax evasion offence. If the supplier is also a relevant body (e.g. an incorporated body), the supplier could commit the "failure to prevent" offence unless it had in place reasonable measures to address the risk. As the supplier is also an associated person of Post Office, Post Office similarly might commit this offence.

Suppliers that are relevant bodies

In addition to understanding this Guide, you should implement reasonable procedures (to prevent criminal facilitation of criminal tax evasion) within your business where required and ensure that all relevant staff/personnel understand them.

Further information regarding the Act can be sourced from gov.uk website or here:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/642714/Tackling-tax-evasion-corporate-offences.pdf

All suppliers

You are responsible for the prevention and detection of criminal tax evasion and criminal facilitation of criminal tax evasion in any part of your supply chain (including any other persons that perform services for or on behalf of Post Office).

You should notify Post Office as soon as possible if you believe or suspect that criminal tax evasion and/or criminal facilitation of criminal tax evasion has occurred, or may occur in the future, by telephoning Grapevine on 0845 603 4004.

You should raise any concerns you have about any issue or suspicion of criminal facilitation of criminal tax evasion in any parts of your business or supply chain at the earliest possible stage.

You should report it to us even if you are unsure about whether a particular act constitutes criminal tax evasion or criminal facilitation of criminal tax evasion.

Post Office aims to encourage openness and will support anyone who raises genuine concerns in good faith in relation to criminal tax evasion and/or criminal facilitation of criminal tax evasion, even if mistaken.