



On your radar?

Preparing for the new HMRC corporate criminal offences

New UK rules on the facilitation of tax evasion mean businesses should perform a risk assessment before September 2017. Deloitte has an established approach to tax risk assessment and can help you develop a roadmap for your business.

Background

From September 2017 the UK Government will have two new 'corporate criminal offences' enabling the easier prosecution of businesses which fail to prevent the facilitation of UK or overseas tax evasion. The legislation applies to all companies and partnerships ("businesses") that fail to prevent the facilitation of tax evasion by their management, employees, suppliers, contractors or other associates.

This is one of an expanding list of domestic and international initiatives, focusing on tax transparency and governance of tax risk.

In addition to the risk of reputational damage, significant penalties accompany the legislation including unlimited financial penalties, confiscation orders and serious crime prevention orders.

The rules

Businesses will be deemed liable for the facilitation of tax evasion by an associate, unless they can prove that they had 'reasonable procedures' to prevent such facilitation in place at the time the facilitation offence occurred.

Six guiding principles determine what 'constitutes reasonable procedures'. These are:

- Risk assessment
- Proportionality of risk-based prevention procedures
- Top level commitment
- Due diligence
- Communication (including training)
- Risk monitoring and review



Next steps

HMRC have made it clear that they do not consider reliance on existing anti-money laundering processes to constitute reasonable procedures, and that tax evasion facilitation risk must be considered separately.

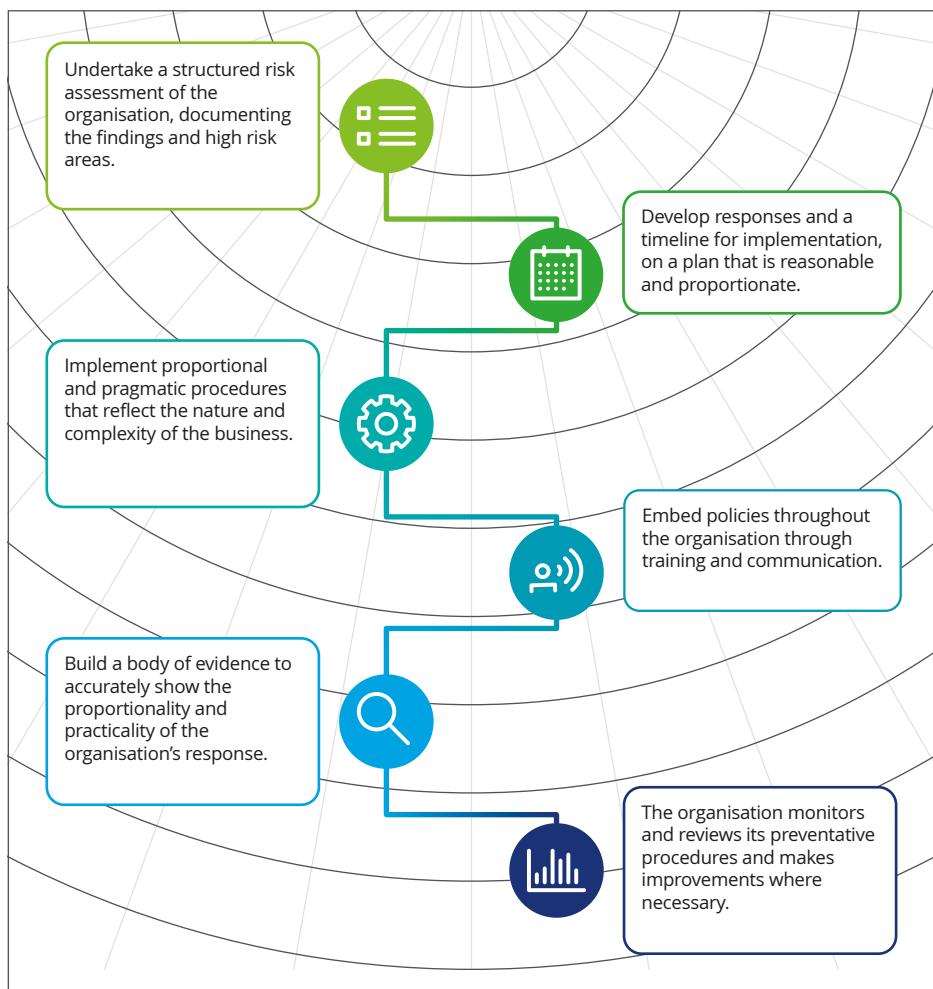
They expect businesses to implement compliance with the principles rapidly, initially focusing on the major risks. A clear timeframe and implementation plan are required from the outset.

Deloitte recommends that businesses potentially within the scope of the rules initiate a risk assessment in the first half of 2017. This is the necessary first step to understand where they may be at risk of facilitating tax evasion, and allow time to respond before the legislation comes into force.

We have an established approach to support businesses identify risks and establish appropriate checks and controls.

To learn more about what you need to consider and how we can help your organisation respond to the new rules, please contact your usual Deloitte advisor, or the featured contacts.

Risk assessment roadmap



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