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Introduction

The consequences of a prosecution for the business include unlimited fines, reputational damage and the likelihood of regulatory sanction. Tax evasion and facilitation of tax evasion are also punishable for individuals with fines and custodial sentences. Bytes Software Services (“Bytes” or the “Company”) therefore takes its legal responsibilities very seriously.

Any individual who breaches this policy may face disciplinary action, potentially resulting in dismissal for misconduct or gross misconduct. Similarly, the Company’s relationship with other individuals, organisations and other associated persons working on behalf of Bytes may be terminated if they breach this policy.

The HMRC Guidance in respect of the CCO legislation states:

“The Government believes that (businesses) should be criminally liable where they fail to prevent those who act for, or on their behalf from criminally facilitating tax evasion.

The new offences 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”.

The legislation applies to all taxes, either personal or corporate, and includes other taxes such as VAT, Customs Duties, National Insurance Contributions, etc.

Criminal prosecution of the Company, unlimited financial penalties and reputational damage can result if Bytes fail to comply with this law (and individuals can be prosecuted for tax fraud or facilitating tax fraud under pre-existing criminal legislation).

Scope

This policy applies to all employees, including leadership, senior managers, officers, directors, employees (whether permanent, fixed term or temporary), consultants, contractors, casual workers and agency staff, volunteers, interns, agents, or any other person associated with Bytes (see below), any of our subsidiaries or their employees, wherever located. The policy also applies to Officers, Trustees, Board, and/or Committee members at any level.

In this policy, and as defined above, an associated person is defined as a person who performs services for or on behalf of Bytes. This can be an individual or an incorporated or unincorporated body. Typically, this includes suppliers, agency workers, outsourced service providers, contractors, etc.

This policy also applies to all Bytes employees in how they manage their relationships with anyone they meet during the course of their work, and this will include actual and potential clients, customers, suppliers, distributors, business contacts, agents, advisers, and government and public bodies, including their advisors, representatives and officials, politicians and political parties.

It is important to understand what is meant by “tax evasion” and “facilitation of tax evasion”.

Policy

Terms of Reference

Tax Evasion

Tax evasion involves the deliberate and dishonest use of illegal practices in order not to pay the right amount of tax. This could include not reporting all of your income, deliberately not filing an accurate tax return, hiding beneficial ownership and taxable assets from HMRC or diverting funds to hide income from local taxation authorities.

Facilitation of Tax Evasion

Tax evasion was already a criminal offence at the time the Corporate Criminal Offence Act 2017 was introduced. Similarly, it was already (and continues to be) a crime to deliberately and dishonestly facilitate tax fraud for or on behalf of another person.

Real-life examples of facilitation of tax evasion could include:

- Deliberately and dishonestly changing invoices for customers that could impact the VAT amount.
- Assisting a supplier in not disclosing income (e.g., through making a payment into an undeclared overseas bank account).
- Deliberately overstating group cross-border intercompany charges where this may impact the Corporation Tax due either in the UK or overseas.

Responsibilities

The CCO legislation creates a new responsibility at the Company level such that, if an associated person were to facilitate tax evasion, Bytes may be criminally prosecuted for failing to prevent the facilitation offence.

There would be a defence from prosecution if Bytes was able to demonstrate having reasonable prevention procedures in place to try and prevent this facilitation of tax evasion from happening.

Bytes' Response

The Company's policy is to have a zero tolerance to tax evasion and facilitation of tax evasion. This means all employees and anyone who works for Bytes – e.g. contractors, are expected to not engage in any activity which evades tax or facilitates or may facilitate the evasion of tax by any other person (company or individual). It does not matter whether the taxes are UK taxes or are due to an overseas fiscal authority.

Nor will Bytes engage with any third party (including those who contract with us or otherwise provide services to us) who do not have a similar policy.

Specifically, we expect all employees and associated persons to be able to identify and take steps to prevent any scenarios where there may be a risk that they are facilitating others to commit tax evasion, either in the UK or overseas.

As a group, Bytes supports the questioning and eventual declining of business where there are any suspicions of tax evasion or the facilitation of tax evasion.

All cases of suspicion in relation to future or existing business should be first reported (see below) before making any decisions in relation to existing business relationships or committing the business to transact in the manner proposed.

All parties acting with Bytes or for Bytes are expected to adopt a similarly robust approach.

Ongoing Monitoring

The Company will maintain an effective system for monitoring compliance procedure to ensure Bytes remains committed to its zero tolerance to facilitation of tax evasion. This includes training and forms part of the induction process for all new employees.

All employees receive regular, relevant training on how to adhere to this policy.

Bytes' zero-tolerance approach to facilitation of tax evasion must be communicated to all suppliers, contractors and business partners at the outset of their business relationship with Bytes and as appropriate thereafter.

The Chief Financial Officer reports back to the Board of Directors at each quarterly Board Meeting on tax affairs and risks Bytes is currently facing.

The person with overriding Board responsibility for the Company is Tina Sexton, Finance Director.

Associated Policies

- Expense Claim Policy
- Fraud, Bribery & Money Laundering Policy
- Whistleblowing Policy