

Meeting of:	CABINET
Date of Meeting:	24 JUNE 2025
Report Title:	ANTI-TAX EVASION POLICY
Report Owner / Corporate Director:	CHIEF OFFICER – FINANCE, HOUSING AND CHANGE
Responsible Officer:	NIGEL SMITH, GROUP MANAGER – CHIEF ACCOUNTANT
Policy Framework and Procedure Rules:	Paragraph 26.5 of the Financial Procedure Rules sets out that the Chief Finance Officer is responsible for developing, maintaining and implementing the Anti-Tax Evasion Policy. All Chief Officers are responsible for ensuring compliance with the Policy.
Executive Summary:	The Anti-Tax Evasion Policy addresses the prevention of tax evasion and provides a coherent and consistent approach for all employees and any person who performs services for and on behalf of Bridgend County Borough Council. The Policy was last updated in 2023 and has been further updated to reflect minor grammatical, numbering and officer title changes.

1. Purpose of Report

- 1.1 The purpose of the report is to present the updated Anti-tax Evasion Policy to Cabinet for approval.

2. Background

- 2.1 The Criminal Finances Act 2017 (the '2017 Act') became law in the summer of 2017 and Part 3 of the 2017 Act 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.
- 2.2 The 2017 Act introduced new offences that will be committed where a relevant body fails to have taken appropriate steps to prevent an associated person criminally facilitating the evasion of tax, and this will be the case whether the tax evaded is owed in the UK or in a foreign country.
- 2.3 '**Relevant bodies**' include corporate or partnerships (wherever incorporated or formed), local authorities and fire authorities.
- 2.4 An '**associated person**', as set out in the legislation, is an employee, agent or other person who performs services for or on behalf of the Council.

- 2.5 **‘Tax evasion’** can be described as any fraudulent activity that intends to divert funds from the public revenue and constitutes the common law offence of cheating the public revenue.
- 2.6 Organisations, including local authorities, could be liable to severe penalties if they fail to put in place adequate procedures to prevent tax evasion.
- 2.7 In order for the corporate charges to be brought there must first be two offences that have taken place. There must be a criminal offence by the tax payer and an associated person must deliberately and dishonestly take action to facilitate the taxpayer’s evasion. To accidentally, ignorantly or negligently facilitate the evasion of tax will not result in the corporate offence.
- 2.8 If both offences have been committed then the Council will have committed the corporate offence of “failure to prevent the facilitation of tax evasion” unless it can demonstrate that it had reasonable preventative procedures in place.
- 2.9 The penalty for this offence includes unlimited fines and ancillary orders such as confiscation orders or serious crime prevention orders, as well as reputational damage to the Council. Tax based fraud or evasion is generally investigated by Her Majesty’s Customs and Revenue (HMRC) with prosecutions brought by the Crown Prosecution Service (CPS).
- 2.10 HMRC issued guidance 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)
 - f) Monitoring and review.
- 2.11 As at 31 December 2024 HMRC had 11 live Corporate Criminal Offence cases underway where no charging decisions had yet to be made; and a further 28 live opportunities under review. These investigations spanned 10 different business sectors including software providers, labour provision, accountancy and legal services and transport.

3. Current situation / proposal

- 3.1 The Council is committed to establishing and maintaining effective arrangements to prevent and detect acts of bribery, corruption and tax evasion in relation to Council services. The Council requires all Elected Members and employees to demonstrate the highest standards of honesty and integrity and this includes compliance with the relevant legislation.
- 3.2 The Anti-tax evasion policy was developed in 2021 to address the prevention of tax evasion and provide a coherent and consistent approach for all employees and any person who performs services for and on behalf of Bridgend County Borough Council. It was last updated in 2023. There have been some minor changes that need to be

reflected within the policy which is attached at **Appendix A**. This incorporates the following changes:

- Effective date amended to June 2025 (subject to Cabinet approval)
- Minor grammatical amendments on pages 8, 15, 16, 17, 18 & 19
- Amendment of the Chief Officer's title to Chief Officer – Finance, Housing and Change
- Correction of paragraph numbering.

3.3 The Governance and Audit Committee reviewed and endorsed the updated Anti-tax Evasion Policy on 24 April 2025.

3.4 No instances of Anti-Tax Evasion have been reported to the Council.

4. Equality implications (including Socio-economic Duty and Welsh Language)

4.1 The protected characteristics identified within the Equality Act, Socio-economic Duty and the impact on the use of the Welsh Language have been considered in the preparation of this report. As a public body in Wales the Council must consider the impact of strategic decisions, such as the development or the review of policies, strategies, services and functions. It is considered that there will be no significant or unacceptable equality impacts as a result of this report.

5. Well-being of Future Generations implications and connection to Corporate Well-being Objectives

5.1 The well-being goals identified in the Act were considered in the preparation of this report. The following is a summary to show how the 5 ways of working to achieve the well-being goals have been used to formulate the recommendations within this report:

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| <ul style="list-style-type: none">• Long Term | The Anti-Tax Evasion Policy, Procedure and Reporting Arrangements will assist in the long term to support officers and Members in the successful execution of their duties by meeting the legal obligations in the course of business activities. |
| <ul style="list-style-type: none">• Prevention | The purpose of the procedure is to prevent the facilitation of Tax Evasion under the Criminal Finances Act 2017. |
| <ul style="list-style-type: none">• Integration | The outcomes that the procedure supports is that implementation of the policy will help in the prevention of the facilitation of tax evasion by persons associated with the Council and in doing so prevent fraudulent activity that intends to divert funds from the public revenue. This objective links with the Government objective to tackle tax evasion. |

- **Collaboration** An 'associated person' or person who performs services on behalf of the Council will be required to adhere to this policy.
- **Involvement** The persons mainly involved in the procedure will be BCBC staff. However any agent or other person who performs services for or on behalf of the Council will be included, this may involve a diverse range of stakeholders.

6. Climate Change Implications

- 6.1 There are no climate change implications arising as a result of this report.

7. Safeguarding and Corporate Parent Implications

- 7.1 There are no safeguarding or corporate parent implications arising as a result of this report.

8. Financial Implications

- 8.1 There are no financial implications arising as a result of this report.

9. Recommendation

- 9.1 It is recommended that Cabinet approves the updated Anti-tax Evasion Policy.

Background documents: None