

WAVERLEY BOROUGH COUNCIL

EXECUTIVE

7 JANUARY 2019

Title:

Tax Strategy 2020 - 2022

Portfolio Holder: Cllr Mark Merryweather, Portfolio Holder for Finance, Assets and Commercial

Head of Service: Peter Vickers, Head of Finance and Property

Key decision: No

Access: Public

1. Purpose and summary

- 1.1 The Government believes that relevant bodies should be criminally liable where they fail to prevent those who act for them, or on their behalf, from criminally facilitating tax evasion. In order to demonstrate that the Council acknowledges its responsibilities with regard to tax it undertakes to prepare an annual Tax Strategy. The revised Tax Strategy 2020-2022 is attached at Annexe 1.

2. Recommendation

It is recommended that the Executive approves the attached revised Tax Strategy 2020-22.

3. Reason for the recommendation

The Council is required to have in place a Tax Strategy to fulfil its responsibilities under the Legislation in Criminal Finances Act 2017, and to respond appropriately to the Corporate Criminal Offence guidance from HMRC issued September 2017.

4. Background

- 4.1 The Government believes that relevant bodies should be criminally liable where they fail to prevent those who act for them, or on their behalf, from criminally facilitating tax evasion. HM Revenue and Customers (HMRC) issued guidance in September 2017 on the legislation for corporate offences of failure to prevent the criminal facilitation of tax evasion. In order to demonstrate that the Council acknowledges its responsibilities with regard to tax it undertakes to prepare an annual Tax Strategy.

- 4.2 The guidance issued by HMRC focuses on the failure to prevent crimes with regard to tax of those who act for or on behalf of the Council and determines that it should be easier to hold to account and attribute criminal liability to the relevant body (the Council) for the criminal acts of employees, agents or those that provide services for it or on its behalf.
- 4.3 The guidance has six principles to help relevant bodies understand the processes and procedures that can be put in place to prevent criminal activity with regard to tax. These principles are addressed in the Tax Strategy and are to be applied proportionately to the perceived risk of the offence.
- 4.4 The Tax Strategy details the perceived risk of tax irregularities and documents the Council's relevant policies and procedures to be complied with, which are applicable to all those involved in financial transaction for the Council, to prevent offences occurring.
- 4.5 The Tax Strategy was first approved in October 2018 and has been reviewed and revised. The draft Tax Strategy 2020 – 2022 is attached at [Annexe 1](#), and shows tracked changes from the 2018 Strategy. The main change is to propose a two-yearly approval cycle, reflecting the council's relatively simple tax arrangements.

5. Relationship to the Corporate Strategy and Service Plan(s)

- 5.1 The Tax Strategy is part of the Council's governance framework.

6 Implications of decision(s)

6.1 Resource (Finance, procurement, staffing, IT)

The requirements of the Tax Strategy will be met within existing budgets and resources.

6.2 Risk management

The Council is accountable for the correct treatment of tax with regard to all financial transactions undertaken. It has to have in place appropriate policies and procedures to *mitigate the risk of tax evasion*.

6.3 Legal

The Council has to comply with the Legislation in Criminal Finances Act 2017 and to respond appropriately to the Corporate Criminal Offence guidance from HMRC issued in September 2017.

6.4 Equality, diversity and inclusion

The Tax Strategy supports the delivery of strategic objectives through the prevention of criminal activity from tax evasion. There are no direct equality, diversity or inclusion implications in this report. Equality impact assessments are carried out when necessary across the council to ensure service delivery meets the requirements of the Public Sector Equality Duty under the Equality Act 2010.

6.5 Climate emergency declaration

The Tax Strategy supports the delivery of strategic objectives through the prevention of criminal activity from tax evasion. There are no direct climate change implications relating to the adoption of the Tax Strategy.

7. Consultation and engagement

7.1 The Audit Committee reviewed the revised Tax Strategy at its meeting on 26 November 2019, and recommends it to the Executive for approval.

8. Other options considered

8.1 The Council is required to have in place a Tax Strategy, therefore there is no alternative option.

9. Governance journey

9.1 The Tax Strategy has been reviewed by the Audit Committee and is recommended for approval by the Executive.

Annexes:

Annexe 1 Revised Tax Strategy

Background Papers

There are no background papers, as defined by Section 100D (5) of the Local Government Act 1972).

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Legal Services: 13 November 2019
Head of Finance: 13 November 2019
Strategic Director: 13 November 2109
Portfolio Holder: 3 December 2019