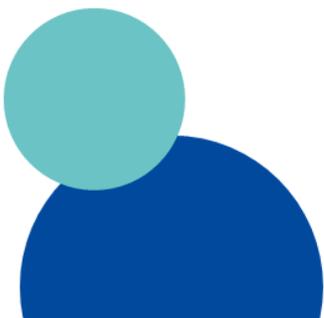


Waverley Borough Council **Tax Strategy**



Document Information & Governance

Version Control History:

Version	Version Status (Draft, Approved /Published Internally or Externally)	Date	Version Comment
V0.1	Approved Draft	25/09/2018	Approved by Audit Committee
V0.2	Final Approval	16/10/2018	Approved by the Council
V1	Published	16/10/2018	1 st Publication
V1.2	Final Approval	07/01/2019	Annual Review – Approved by the Executive
V2.0	Approved Draft		

Waverley Borough Council

Tax Strategy 2022-2024

1. Introduction

1.1. Waverley Borough Council (the Council) is a Local Authority regulated by statute – largely the Local Government Act 1972 as amended. As a Local Authority, the Council's ability to generate income in competition with the Private Sector is very limited. As a consequence, its taxable activities are relatively few.

1.2. However, as a designated 'relevant body' under the Legislation in Criminal Finances Act 2017, the Council acknowledges its responsibilities under this legislation and undertakes to respond appropriately to the 'Tackling tax evasion: Government guidance for the corporate offences of failure to prevent the criminal facilitation of tax evasion' Government guidance issued in September 2017 by preparing an annual Tax Strategy demonstrating the Council's:

- tax motives
- compliance with all legal requirements in respect of its tax activities
- general approach to its tax activities
- commitment to minimising opportunities for tax evasion within its activities

1.3. The guiding principles in the guidance are around:

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

2. Tax Motives and General Approach

2.1. As a Local Authority, the Council is not a profit making organisation. Its tax motives are therefore to account properly, and in timely fashion, for all its taxable activities consistent with its primary responsibilities for the wellbeing of its community. The Council is accountable through its elected Councillors and is committed to the transparency of its financial affairs including Freedom of Information (FOI), transparency disclosure and public inspection of its accounts. The Council will seek to minimise the tax cost of conducting its business, for the benefit of its community, while ensuring that any such

action is not contradictory to the intent of the legislation. The Council will not enter into artificial transactions designed to evade tax consequences.

- 2.2. The Council will apply professional care and due diligence in the management of its own tax risk and will apply appropriate levels of due diligence to the activities of its staff, partners and contractors. The Council will operate in an accurate, timely and transparent manner, in respect of its tax activities, and will manage its contact with HMRC in an open and collaborative manner.
- 2.3. In respect of its responsibilities under the Legislation in Criminal Finances Act 2017 the Council is committed to minimising the opportunity for tax fraud by itself, its staff, partners and contractors whether that fraud be:
 - by way of evasion, false accounting, fraudulent charging or recovery of tax - whether corporate or personal, and
 - in a manner proportional to its level of tax risk and impact.
- 2.4. The Council, therefore, has in place reasonable prevention measures to avoid tax evasion, and will prepare and publish its Tax Strategy annually to demonstrate its commitment.

3. Risk Assessment

- 3.1. As a Local Authority operating under statute, the Council believes there is a low level of incentive or opportunity to perpetrate or facilitate tax fraud on a corporate basis.
- 3.2. There is also little opportunity for the Council's staff to perpetrate or facilitate tax fraud on a personal basis to a significant level due to:
 - a control framework including segregation of duties
 - robust internal and external audit arrangements
 - generally a low level of complexity involved in the Council's transactions
 - a high level of regulation
 - a low level of opportunity for deliberate tax fraud
- 3.3. The Council:
 - is not affected by Corporation Tax
 - is a net receiver of VAT and its VATable activities typically represent as little as 0.5% (by value) of income
 - is involved in few Stamp Duty Land Tax (SDLT) transactions
 - operates no cash transactions
 - as an employer is involved in PAYE transactions, contractor payments and Construction Industry Scheme (CIS) transactions but does not regard itself as responsible for actively assessing the tax compliance of other bodies/individuals.

- 3.4. The likelihood of changes in legislation in respect of tax affecting Local Government on a scale to have any significant impact on the Council's finances is seen as low, for example changes to tax rates would have virtually no financial impact on the Council. The Council maintains tax awareness through a retained external tax consultancy.
- 3.5. The Council, therefore, regards itself as a 'low risk' organisation and, additionally, regards the potential impact of tax risks also as 'low'.

4. Proportionality or risk-based prevention procedures

- 4.1. The Council considers the total elimination of tax risk is impossible. It believes its current level of risk management is reasonable and proportionate to the level of risk and scale. The Council operates internal procedures and systems designed to mitigate risk – these most notably take the form of published Contract Procurement Rules (CPRs) and Financial Regulations (FRs). Its standard forms of contract include the requirement for contractor tax compliance.

5. Top Level (Senior Management) Commitment

- 5.1. Section 151 of the Local Government Act 1972 requires that “the Council makes arrangements for the proper administration of its financial affairs.” Financial regulations are the means by which the Council meets this requirement by setting out a clear regulatory and accountability framework for the use of its resources.
- 5.2. Section 114 of the Local Government Act 1988 requires “the Section 151 Officer to report to Full Council and external audit if the Council or one of its officers:
- has made or is about to make a decision which involves the Council incurring expenditure which is unlawful
 - has taken or is about to take an unlawful decision which has resulted or would result in a loss or deficiency to the Council; or
 - is about to make an unlawful entry in the Council's accounts.”

6. Due Diligence

- 6.1. The Council applies due diligence procedures, taking an appropriate risk based approach, to the mass of transactions it undertakes through its internal procedures and systems and in respect to persons who perform or will perform services on behalf of the Council with regard to tax.
- 6.2. Where transactions are planned which are significant in terms of financial and tax value, additional levels of diligence and scrutiny occur. This additional diligence may take the form of external professional advice, reports to Elected Members, external and/or internal audits etc.

7. Communication (including training)

- 7.1. Prevention policies and procedures are communicated, embedded and understood throughout the Council.
- 7.2. Financial transactions are conducted in accordance with the Financial Regulations and Contract Procurement Rules.
- 7.3. The Council operates a Whistle blowing and Money Laundering policy and has a Money Laundering Officer.
- 7.4. Appropriate tax training and awareness is provided for staff and members.

8. Monitoring and Review

- 8.1. The Tax Strategy is subject annual review by Officers and submitted to the Audit Committee and Executive every 2 years or when a significant change in policy is proposed if that is sooner.
- 8.2. Regular Internal and External Audits of all systems and policies takes place.
- 8.3. Improvements to policies and procedures are made where necessary and, if significant, will be submitted to the Audit Committee and Executive.