

Corporate Criminal Offence (CCO) Policy

PHX107

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Applicable Legislation

The Criminal Finances Act came into force on 30 September 2017 the ("Act"). Part 3 of the Act creates the corporate offence of the facilitation of tax evasion, both UK and foreign tax. There are three stages that apply to both the domestic and foreign tax evasion facilitation offence:

- **Stage one:** the criminal tax evasion by a taxpayer (either an individual or a legal entity) under existing law;
- **Stage two:** the criminal facilitation of the tax evasion by an "associated person" of the relevant body acting in that capacity; and
- **Stage three:** the relevant body failed to prevent its representative from committing the criminal facilitation act.

The foreign offence covers tax evaded in a foreign jurisdiction. If you have concerns that a foreign offence might be/has been committed, you should contact the Director with overriding Board responsibility or, if you prefer, to a senior member of staff of your choosing.

Where the relevant body has put in place reasonable prevention procedures to prevent the criminal facilitation of tax evasion by an associated person (or where it is unreasonable to expect such procedures) the relevant body shall have a defence.

The Corporate Offence

A criminal offence will be committed by Phoenix under the Act if:

- you, as an associated person acting for or on behalf of Phoenix, facilitate the evasion of a UK or foreign tax; and
- Phoenix does not have adequate procedures in place to prevent the facilitation of tax evasion.

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. Phoenix 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 Phoenix 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 Phoenix fail to comply with this law (and individuals can be prosecuted for tax fraud or facilitating tax fraud under pre-existing criminal legislation).

Scope: Who Is Covered by This Policy?

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 Phoenix (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 Phoenix. 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 Phoenix employees in how they manage their relationships with anyone they meet during the course of their work. 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.

Scope: What Is Covered by This Policy?

It is important to understand what is meant by "tax evasion" and "facilitation of tax evasion"

What Is 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.

What Is Criminal 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 or assisting a supplier in not disclosing income (e.g. through making a payment into an undeclared overseas bank account) or deliberately overstating group cross-border intercompany charges where this may impact the Corporation Tax due either in the UK or overseas.

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

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

How Phoenix Is Responding As A Business

Phoenix's policy is to have zero tolerance to tax evasion and facilitation of tax evasion. This means all employees and anyone who works for Phoenix – 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.

Phoenix will not 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.

Phoenix 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 Phoenix or for Phoenix are expected to adopt a similarly robust approach.

Ongoing Monitoring

Phoenix shall maintain an effective system for monitoring compliance procedure to ensure Phoenix remains committed to its zero tolerance to facilitation of tax evasion. This includes awareness and forms part of the induction process for all new employees.

All employees are made aware of how to adhere to this policy.

Phoenix' 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 Phoenix and as appropriate thereafter.

The Person With Board Responsibility For This Policy

The person with over-riding Board responsibility for Phoenix is Paul Emms, Finance Director.

Related Documents

Please also read:

- Corporate Criminal Offence Procedures
- Expense Claim Policy
- Fraud, Bribery & Money Laundering Policy
- Whistleblowing Policy

Version Control

<u>Author</u>	<u>Version</u>	<u>Date</u>	<u>Description</u>
Trevor Hutchinson	1.0	21/12/2020	Original Document
Clare Metcalfe	2.0	12/11/2021	Inclusion of Criminal Finances Act/Housekeeping references
Trevor Hutchinson	2.0	01/11/2022	Annual review – no changes

Document Approval

<u>Name</u>	<u>Version</u>	<u>Date</u>	<u>Position</u>
Sam Mudd	1.0	21/12/2020	Managing Director
Sam Mudd	2.0	12/11/2021	Managing Director
Clare Metcalfe	2.0	01/11/2022	Operations Director

Signed: *Clare Metcalfe* Clare Metcalfe, Operations Director

Dated: 01/11/2022