

**TOTAL SPECIALIST MAINTENANCE
POLICY AND PROCEDURE STATEMENT**

ANTI –FACILITATION OF TAX EVASION POLICY

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POLICY REVIEW DATE:	17th March 2021	

1. PURPOSE

- 1.1 The purpose of this policy is to:
- 1.1.1 set out the responsibilities of TSM and of those working for us, in observing and upholding our position on preventing the criminal facilitation of tax evasion; and
 - 1.1.2 provide information and guidance to those working for us on how to recognise and deal with the facilitation of tax evasion.
- 1.2 If TSM fails to prevent our employees, workers, agents or service providers facilitating tax evasion, we can face criminal sanctions including an unlimited fine, as well as exclusion from tendering for public contracts and damage to our reputation. We therefore take our legal responsibilities seriously.

2. POLICY STATEMENT

- 2.1 The TSM principally operates in the construction sector. We pride ourselves on our reputation for acting fairly and ethically wherever we do business. Our reputation is built on our values as a company, the values of our employees and our collective commitment to acting with integrity throughout the company.
- 2.2 It is our policy to conduct all of our business in an honest and ethical manner. We take a zero-tolerance approach to facilitation of tax evasion, whether under UK law or under the law of any foreign country.
- 2.3 We are committed to acting professionally, fairly and with integrity in all our business dealings and relationships wherever we operate and implementing and enforcing effective systems to counter tax evasion facilitation.
- 2.4 We will uphold all laws relevant to countering tax evasion in all the jurisdictions in which we operate, including the Criminal Finances Act 2017.
- 2.5 In this policy, **third party** means any individual or organisation the company comes into contact with during the course of your work for us, and includes 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.
- 2.6 This policy does not form part of any employee's contract of employment and we may amend it at any time.

3. WHO IS COVERED BY THE POLICY

This policy applies to you, all individuals working for the company or on our behalf in any capacity, including employees at all levels and grades, including senior managers, officers, directors, employees (whether permanent, fixed-term or temporary), consultants, contractors, trainees, seconded staff, home workers, casual workers and agency staff, volunteers, interns, agents,

sponsors, or any other person associated with us wherever located (collectively referred to as "colleagues" or "you" in this policy).

4. WHO IS RESPONSIBLE FOR THE POLICY?

- 4.1 The Managing Director Lukasz Czerwinski has overall responsibility for ensuring this policy complies with our legal and ethical obligations, and that all those under our control comply with it.
- 4.2 The Senior Accounting Officer (as identified for the purposes of Schedule 46 of the Finance Act 2009, and currently the Chief Financial Officer) has primary responsibility for implementing this policy and for monitoring its use and effectiveness and dealing with any queries on its interpretation. Management at all levels are responsible for ensuring those reporting to them are made aware of and understand this policy and are given relevant training where appropriate.

5. WHAT IS TAX EVASION FACILITATION?

5.1 For the purposes of this policy:

- 5.1.1 **Tax evasion:** means the offence of cheating the public revenue or fraudulently evading UK tax, and is a criminal offence. The offence requires an element of fraud, which means there must be deliberate action, or omission with dishonest intent;
- 5.1.2 **Foreign tax evasion:** means evading tax in a foreign country, provided that conduct is an offence in that country and would be a criminal offence if committed in the UK. As with tax evasion, the element of fraud means there must be deliberate action, or omission with dishonest intent; and
- 5.1.3 **Tax evasion facilitation:** means being knowingly concerned in, or taking steps with a view to, the fraudulent evasion of tax (whether UK tax or tax in a foreign country) by another person, or aiding, abetting, counselling or procuring the commission of that offence. Tax evasion facilitation is a criminal offence, where it is done deliberately and dishonestly.
- 5.2 Under the Criminal Finances Act 2017, a separate criminal offence is automatically committed by a corporate entity or partnership where the tax evasion is facilitated by a person acting in the capacity of an "associated person" to that body. For the offence to be made out, the associated person must deliberately and dishonestly take action to facilitate the tax evasion by the taxpayer. If the associated person accidentally, ignorantly, or negligently facilitates the tax evasion, then the corporate offence will not have been committed. A company does not have to have deliberately or dishonestly facilitated the tax evasion itself; the fact that the associated person has done so creates the liability for that company.
- 5.3 Tax evasion is not the same as tax avoidance or tax planning. Tax evasion involves deliberate and dishonest conduct. Tax avoidance is not illegal and involves taking steps, within the law, to minimise tax payable (or maximise tax reliefs).
- 5.4 In this policy, all references to tax include national insurance contributions (and their equivalents in any non-UK jurisdiction).

6. WHAT YOU MUST NOT DO

- 6.1 It is not acceptable for you (or someone on your behalf) to:
- 6.1.1 engage in any form of facilitating tax evasion or foreign tax evasion;
- 6.1.2 aid, abet, counsel or procure the commission of a tax evasion offence or foreign tax evasion offence by another person;
- 6.1.3 fail to promptly report any request or demand from any third party to facilitate the fraudulent evasion of tax (whether UK tax or tax in a foreign country), or any suspected fraudulent evasion of tax (whether UK tax or tax in a foreign country) by another person, in accordance with this policy;
- 6.1.4 engage in any other activity that might lead to a breach of this policy; or
- 6.1.5 threaten or retaliate against another individual who has refused to commit a tax evasion offence or a foreign tax evasion offence or who has raised concerns under this policy.

7. YOUR RESPONSIBILITIES

- 7.1 You must understand and comply with this policy.
- 7.2 The prevention, detection and reporting of tax evasion and foreign tax evasion are the responsibility of all those working for us or under our control. You are required to avoid any activity that might lead to, or suggest, a breach of this policy.

- 7.3. You must notify your line manager in the first instance and where this is not appropriate you should refer to the Company director as soon as possible if you believe or suspect that a conflict with this policy has occurred or may occur in the future. For example, an employee or supplier asks to be paid into an offshore bank account, without good reason, or a supplier asks to be paid in cash, indicating that this may mean that the payment may not be subject to tax. Further "red flags" that may indicate potential tax evasion are set out in Schedule 1.
- 7.4. Any employee who breaches this policy will face disciplinary action, which could result in dismissal for gross misconduct.
- 7.5. We reserve our right to terminate our contractual relationship with other colleagues if they breach this policy.

8. CONTRACTS OF EMPLOYMENT

- 8.1 Facilitation of tax evasion provisions must be included in all Statements of Employment Particulars where appropriate and such provisions must include reference to:
- 8.1.1 the companies position on the facilitation of tax evasion;
- 8.1.2 the fact that TSM considers the facilitation of tax evasion committed by employees to be gross misconduct and an employee can be dismissed on that basis.

9. RISK ASSESSMENT

- 9.1 It is the responsibility of TSM to complete a risk assessment to identify vulnerable areas of the company that may be "at risk" of tax evasion.
- 9.2 Vulnerable areas include but are not limited to:
- 9.2.1 tendering and procuring contracts (including assessing the vulnerability of individuals associated with the tendering and procurement process);
- 9.2.2 acquisitions;
- 9.2.3 areas of the business operating in foreign jurisdictions and /or colleagues working for the business or other companies operating in foreign jurisdictions; and
- 9.2.4 casual suppliers utilised on an ad-hoc basis at a local level (for example, for accommodation, subsistence or low value equipment).
- 9.3 Risk assessments must be documented and reviewed by the Company Director on a biennial basis and any actions arising from the Company Secretary's review must be reported to the board of directors on a biennial basis.

10. PROCUREMENT, TENDERING AND MANAGING CONTRACTS

- 10.1 Individuals involved in a tender process or in negotiating commercial, procurement or supply contracts must carry out due diligence on all suppliers. As a minimum this must include:
- 10.1.1 obtaining particulars of the supplier's legal name, company number, registered office and VAT number;
- 10.1.2 verifying the VAT number using the VIES website which can be found at http://ec.europa.eu/taxation_customs/vies/; and
- 10.1.3 determining whether the supplier will be providing construction work for the purposes of the Construction Industry Scheme and if so obtaining the supplier's tax reference.
- 10.2 Supplier contracts must include appropriate facilitation of tax evasion clauses and suitable liability and indemnity provisions.

11. HOW TO RAISE A CONCERN

- 11.1 You are encouraged to raise your concerns if you become aware of fraudulent tax evasion (whether UK tax or tax in a foreign country) by another person in the course of your work, or you are asked to assist another person in their fraudulent evasion of tax (whether directly or indirectly) or if you believe or suspect that any fraudulent evasion of tax has occurred or may occur, whether in respect to UK tax or tax in a foreign country, you must at the earliest possible stage contact your line manager in the first instance and where this is not appropriate you should refer to the Company Director.
- 11.2 If you are unsure whether a particular act constitutes tax evasion or foreign tax evasion or if you have any other queries, these should be raised with your line manager in the first instance and where this is not appropriate you should refer to the Company Secretary.
- 11.3 You should note that the corporate offence is only committed where you deliberately and dishonestly take action to facilitate the tax evasion or foreign tax evasion. If you do not take

any such action, then the offence will not be made out. However, a deliberate failure to report suspected tax evasion or foreign tax evasion, or "turning a blind eye" to suspicious activity could amount to criminal facilitation of tax evasion.

12. PROTECTION

- 12.1 Colleagues who raise concerns or report another's wrongdoing, are sometimes worried about possible repercussions. We aim to encourage openness and will support anyone who raises genuine concerns in good faith under this policy, even if they turn out to be mistaken.
- 12.2 We are committed to ensuring no one suffers any detrimental treatment as a result of:
 - 12.2.1 refusing to take part in, be concerned in or facilitate tax evasion or foreign tax evasion by another person;
 - 12.2.2 refusing to aid, abet, counsel or procure the commission of a tax evasion offence or a foreign tax evasion offence by another person; or
 - 12.2.3 reporting in good faith their suspicion that an actual or potential tax evasion offence or foreign tax evasion offence has taken place or may take place in the future.
- 12.3 Detrimental treatment includes dismissal, disciplinary action, threats or other unfavorable treatment connected with raising a concern if it is raised in good faith. If you believe that you have suffered any such treatment, you should inform the director immediately. If the matter is not remedied, and you are an employee, you should raise it formally using our Grievance Procedure, which can be found on the intranet. If an allegation is made frivolously, maliciously or for personal gain, disciplinary action may be taken against you.

13. TRAINING AND COMMUNICATION

- 13.1 All new Colleagues are made aware of this policy on joining TSM and where appropriate, existing Colleagues have received a communication explaining the policy and how to adhere to the policy.
- 13.2 Our zero-tolerance approach to the facilitation of tax evasion is communicated to all suppliers, contractors and business partners at the outset of our business relationship with them and as appropriate after that.

14. BREACHES OF THIS POLICY

- 14.1 Any employee who breaches this policy will face disciplinary action, which could result in dismissal for misconduct or gross misconduct.
- 14.2 We may terminate our relationship with other individuals and organisations working on our behalf if they breach this policy.

15. MONITORING AND REVIEW

- 15.1 The Company Directors and on a day to day basis the Company Secretary will monitor the effectiveness and review the implementation of this policy, regularly considering its suitability, adequacy and effectiveness. Any improvements identified will be made as soon as possible. Internal control systems and procedures will be subject to regular audits to provide assurance that they are effective in countering the facilitation of tax evasion.
- 15.2 All Colleagues are responsible for adhering to this policy and should ensure they use it to disclose any wrongdoing.

Schedule 1 - Potential risk scenarios: "red flags"

1. The following is a list of possible red flags that may arise during the course of you working for us and which may raise concerns related to tax evasion or foreign tax evasion. The list is not intended to be exhaustive and is for illustrative purposes only.
2. If you encounter any of these red flags while working for us, you must report them promptly to your manager in the first instance or where there is not appropriate to the Company director:
 - 2.1 You become aware, in the course of your work, that a third party has made or intends to make a false statement relating to tax, has failed to disclose income or gains to, or to register with, HMRC (or the equivalent authority in any relevant non-UK jurisdiction), has delivered or intends to deliver a false document relating to tax, or has set up or intends to set up a structure to try to hide income, gains or assets from a tax authority;
 - 2.2 You become aware, in the course of your work, that a third party has deliberately failed to register for VAT (or the equivalent tax in any relevant non-UK jurisdiction) or failed to account for VAT where they are required to do so;
 - 2.3 A third party requests payment in cash and/or refuses to sign a formal commission or fee agreement, or to provide an invoice or receipt for a payment made;
 - 2.4 You become aware, in the course of your work, that a third party working for us as an employee asks to be treated as a self-employed contractor, but without any material changes to their working conditions;
 - 2.5 A supplier or other subcontractor is paid gross when they should have been paid net, under a scheme such as the Construction Industry Scheme;
 - 2.6 A third party requests that payment is made to a country or geographic location different from where the third party resides or conducts business;
 - 2.7 A third party to whom we have provided services requests that their invoice is addressed to a different entity, where we did not provide services to such entity directly;
 - 2.8 A third party to whom we have provided or from whom we have procured services requests a change to the description of services rendered on an invoice in a way that seems designed to obscure the nature of the services provided;
 - 2.9 You receive an invoice from a third party that appears to be non-standard or customised;
 - 2.10 A third party insists on the use of side letters or refuses to put terms agreed in writing or asks for contracts or other documentation to be backdated;
 - 2.11 You notice that we have been invoiced for a commission or fee payment that appears too large or too small, given the service stated to have been provided; and
 - 2.12 A third party requests or requires the use of an agent, intermediary, consultant, distributor or supplier that is not typically used by or known to us.