

Criminal Finances Act Policy for Payments Pro Ltd

1. Policy Statement

Payments Pro Ltd is committed to the highest standards of financial compliance and ethical conduct. We have a zero-tolerance approach to tax evasion and its facilitation. Our purpose is to provide fully compliant payroll services, ensuring that all our workers' tax liabilities are met and paid correctly to HMRC.

This policy outlines our procedures to prevent any person or entity associated with our business from criminally facilitating tax evasion, in accordance with the **Criminal Finances Act 2017**.

2. Scope

This policy applies to all employees, directors, officers, and any person or entity performing services for or on behalf of Payments Pro Ltd ("associated persons"). This includes, but is not limited to, recruitment agencies, end clients, and any third-party providers we engage.

3. Definitions

- **Tax Evasion:** The deliberate and dishonest non-payment or underpayment of tax, which is a criminal offense. This includes PAYE, National Insurance Contributions (NICs), VAT, and Corporation Tax.
- **Facilitation of Tax Evasion:** Assisting another person or entity to evade tax. For our business, this could include providing false information, running a non-compliant payroll, or assisting a worker in misrepresenting their income or expenses.
- **Associated Person:** Any person or entity performing services for or on behalf of Payments Pro Ltd, including our employees, recruitment agency partners, and third-party software or service providers.
- **PAYE Worker:** An individual engaged and paid under a PAYE arrangement, with all tax and NIC deductions made directly by us and paid to HMRC.
- **CIS Worker:** A subcontractor registered for the Construction Industry Scheme, for whom we process payments under the specified deduction rules.

4. Risk Assessment (Umbrella Payroll Specific)

We recognise the inherent risks of tax evasion facilitation in our industry. Our risk assessment focuses on the following key areas:

- **Non-Compliant Schemes:** The risk that our staff or associated persons could promote, refer to, or engage with non-compliant payroll schemes (e.g., loan schemes, disguised remuneration) that are designed to evade tax.
- **CIS Misclassification:** The risk of incorrectly classifying a worker as self-employed under CIS when they should be engaged under PAYE, thereby facilitating the evasion of PAYE and NICs.
- **False Expense Claims:** The risk of a worker submitting, or an employee approving, false or unsubstantiated expense claims that are not in line with HMRC rules, thereby reducing a worker's taxable income.

- **System and Data Integrity:** The risk that our payroll software or internal systems could be manipulated to under-report earnings or tax liabilities.
- **Third-Party Providers:** The risk that a third-party provider (e.g., accounting firm, software provider) could be facilitating tax evasion and, through our relationship with them, we could be held liable.

5. Our Prevention Procedures

To mitigate the risks identified above, we have implemented the following specific procedures:

- **Robust Compliance Framework:** We operate a strict compliance framework that ensures all PAYE and CIS calculations are performed correctly and in line with current HMRC regulations. Our processes are subject to regular internal and external audits.
- **Employee Training and Awareness:** All employees, particularly those in payroll, compliance, and client-facing roles, receive mandatory, regular training on tax evasion risks, HMRC rules (e.g., IR35, CIS), and this policy.
- **Recruitment Agency Due Diligence:** Before partnering with any recruitment agency, we conduct thorough due diligence to verify their compliance record and ensure they share our commitment to ethical practices. We will only work with agencies that demonstrate a commitment to using compliant payroll providers.
- **Worker Onboarding:** Our onboarding process for all PAYE and CIS workers includes clear communication about how they are paid and how their tax is calculated. We provide Key Information Documents (KIDs) and detailed payslips to ensure full transparency.
- **Expense Policy:** We maintain a stringent expense policy, which is clearly communicated to all workers. All expense claims must be substantiated with valid receipts and reviewed by a dedicated team to ensure they comply with HMRC's "wholly, exclusively, and necessarily" rule for business expenses. Please note, all expense claims must be validated by the recruitment agency.
- **Internal Controls and Auditing:** Our payroll systems have built-in controls to prevent the manual adjustment of tax calculations and to log all changes. We perform regular internal audits to monitor compliance.

6. Whistleblowing and Reporting Suspicions

All employees and associated persons have a duty to report any concerns or suspicions of tax evasion or its facilitation. This includes, but is not limited to, a worker attempting to submit fraudulent expense claims, a recruitment agency suggesting a non-compliant payment method, or an internal practice that appears to be non-compliant.

Reports should be made to the Head of Compliance. All reports will be handled with strict confidentiality and investigated thoroughly.

7. Consequences of Non-Compliance

Any violation of this policy by an employee will be treated as gross misconduct, leading to disciplinary action up to and including termination of employment. For associated persons, non-

compliance will result in the immediate termination of our business relationship. We will also cooperate fully with any HMRC or law enforcement investigation.

8. Monitoring and Review

This policy will be formally reviewed on an annual basis by senior management. We will also monitor and review our procedures on an ongoing basis to reflect changes in legislation, HMRC guidance, and our business operations.