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Social Research Institute

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Evaluation of corporate behaviour change in response to the corporate criminal offences

Research Report 529

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1. Introduction

1.1 Background

As part of HMRC's strategy for tackling tax evasion, the department introduced new corporate criminal offences under the Criminal Finances Act 2017. These new offences mean companies and partnerships can be found liable for failing to prevent the criminal facilitation of tax evasion by anyone or any organisation that is providing a service for or on their behalf (also referred to as 'associated persons'). The offences apply to the facilitation of both onshore and offshore evasion and can affect companies and partnerships across all sectors and sizes. The offences came into force on 30th September 2017. They were designed to drive a cultural and behavioural shift among companies and partnerships to take an active and increased responsibility for preventing the facilitation of tax evasion.

To help organisations comply with the new legislation and prevent the facilitation of tax evasion, HMRC has published guidance¹ that covers the new offences and explains how they operate. This includes the types of risk-based procedures that a company or partnership can put in place to limit the risk of representatives criminally facilitating tax evasion. The guidance contains six guiding principles that relate to the production of prevention procedures:

- **Risk assessment:** This involves companies and partnerships assessing and documenting the nature and extent of their exposure to the risk of associated persons criminally facilitating tax evasion for or on their behalf;
- **Proportionality of risk-based prevention measures:** This involves companies and partnerships having procedures in place to prevent the facilitation of tax evasion by associated persons. These should be proportionate to the risks the organisation faces;
- **Top level commitment:** This involves those in senior positions demonstrating a commitment to preventing the facilitation of tax evasion within their organisation and fostering a culture where the facilitation of tax evasion is never acceptable;
- **Due diligence:** This involves companies and partnerships carrying out due diligence in order to mitigate risks amongst associated persons;
- **Communication and training:** This involves organisations ensuring their procedures are communicated, embedded and understood throughout the whole organisation; and
- **Monitoring and review:** This involves companies and partnerships keeping their procedures up to date and improving them where necessary.

¹ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/672231/Tackling-tax-evasion-corporate-offences.pdf

This research aims to build the evidence base of the attitudes and responses of UK companies and partnerships to the introduction of the corporate criminal offences. The research will assist HMRC in establishing a baseline within the first year of these offences which is key to assessing the ongoing effectiveness of this measure.

1.2 Research objectives

The key research objectives were to examine:

- Companies' and partnerships' awareness of the new corporate criminal offences; and
- The extent to which the introduction of the corporate criminal offences has resulted in changes to the culture and behaviour of companies and partnerships.

The survey also collected companies' and partnerships' views on: the relevance of the offences to their organisation; whether any changes had been made in response to the six guiding principles; procedures used by counterparties such as subcontractors, suppliers or customers; as well as awareness of the facility on gov.uk for a company or partnership to self-report that it has failed to prevent the criminal facilitation of tax evasion.

1.3 Methodology

In order to meet the research objectives, the research focused on a representative sample of UK companies and partnerships across all sectors of the economy, according to the Office for National Statistics' Standard Industrial Classification², and were combined for analysis where base sizes were too low to be looked at independently. Businesses were selected at random from Dun & Bradstreet's commercial sampling frame and disproportionately stratified by size to enable separate subgroup analysis for larger businesses. Size of business was determined by number of employees³. The definitions of business size in this study are those commonly used for the purposes of research, and differ to the definitions used for HMRC's corporate customer groups⁴. The research comprised a random probability telephone survey of 1,002 businesses between 13th August and 28th September 2018. Interviews were conducted with a senior Manager or Director at the organisation with responsibility for making decisions related to governance and tax compliance procedures⁵. The average interview length was 12 minutes.

² <https://www.ons.gov.uk/methodology/classificationsandstandards/ukstandardindustrialclassificationofeconomicactivities/uksic2007>

³ These were split into micro (1-9 employees), small (1-49 employees), medium (50-249 employees) and large (250+ employees) businesses

⁴ HMRC's corporate customer groups are: large business, mid-sized business and small business.

⁵ This was usually the owner, Managing Director, CEO, Company Secretary, Financial Director or Compliance Director.

1.4 Interpretation of findings

This report only comments on sub-group differences that are statistically significant at the 95% level of confidence. Statistical significance calculations were carried out based on the effective sample size - that is the sample size once the effect of design and non-response weighting is taken into account.

2. Awareness of the Criminal Finances Act 2017

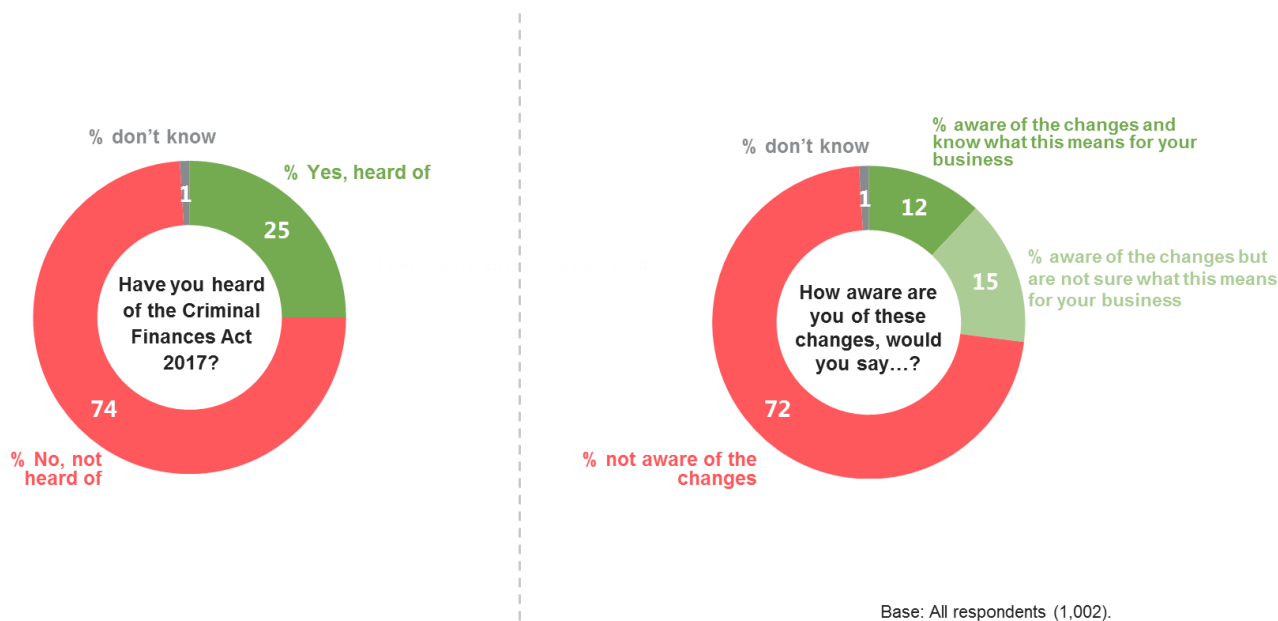
This section examines awareness of the Criminal Finances Act 2017⁶. To gauge awareness, businesses were first asked if they had heard of the Act by name and then whether they were aware that changes under the Act make companies and partnerships criminally liable for failing to prevent the facilitation of tax evasion⁷. This change is also referred to as the 'corporate criminal offences'. This section also covers the extent to which businesses perceive the Act is relevant to them.

2.1 Awareness of the Criminal Finances Act 2017

One-quarter of the businesses surveyed reported that they had heard of the Criminal Finances Act 2017, as shown in Figure 2.1. The proportion of businesses that had heard of the Act increased with size of company. Larger businesses were more likely to be aware of the Act (58%) than medium (30%), small (26%) and micro (24%) firms. In terms of sector, financial and insurance firms had significantly higher levels of awareness (58%) than firms across all other sectors (24%).

Respondents were told that changes under the Criminal Finances Act 2017 meant companies and partnerships can be found criminally liable for failing to prevent the facilitation of tax evasion by individuals or other businesses acting on their behalf. When prompted, 27% of businesses were aware of the changes though firms were divided between whether they know what these mean for their business or not (12% were aware of what it meant for the business and 15% were not aware). Large businesses (with 250+ employees) and those within the finance and insurance sector were most likely to report that they knew what the changes meant for their business (42% and 33% respectively compared with 12% overall).

Figure 2.1 Awareness of the Criminal Finances Act 2017



⁶ <http://www.legislation.gov.uk/ukpga/2017/22/contents/enacted/data.htm>

⁷ Part 3 of the Criminal Finances Act 2017, which relates to 'Corporate offences of failure to prevent facilitation of tax evasion'.

Businesses that are aware of the changes under the Criminal Finances Act 2017 demonstrated good knowledge of the detail of the corporate criminal offences within the Act. At least seven in ten knew that it meant businesses could be found liable if they fail to prevent the facilitation of tax evasion by anyone providing a service on their behalf e.g. employees, suppliers, subcontractors or agents (76%) and of the potential consequences of a successful prosecution such as unlimited fines, loss of regulatory approval or director qualification (70%). Again, when compared to the average, large businesses were found to be more knowledgeable about the specific details of corporate criminal offences (83% were aware of what constitutes the offence and 86% aware of the possible sanctions).

2.2 Perceived relevance of the Criminal Finances Act 2017

Respondents were asked to describe how relevant the Act was to their business⁸. Around one-third (32%) believed the Act was relevant to their business to 'at least some extent', with just nine per cent saying it was relevant 'to a great extent'. Reflecting their higher levels of awareness, large businesses were more likely than smaller firms to perceive the Act as relevant to their business (see Figure 2.2 below).

Figure 2.2 Relevance of the Criminal Finances Act 2017

Q. Based on your knowledge of the Criminal Finances Act 2017 to what extent do you feel it is relevant to your business?



Base: All respondents (1,002). , large (136), medium (231), small (190), micro (445).

⁸ The following description was read out to respondents who were not aware of the Act: "The Criminal Finances Act 2017 has created criminal liability for businesses who fail to prevent the facilitation of tax evasion by individuals or other businesses acting on their behalf."

Perceived relevance of the Act was also higher among multinationals (53% versus 30% of firms only based in the UK), which were more likely to be large firms, and those in the finance and insurance sector (55% versus 31% across all other sectors).

Amongst those aware of the changes under the Criminal Finances Act 2017, one in five had made changes to their operations because of the Act (20%) and 11% were planning to introduce changes or make further changes. However, the majority (64%) had not made or did not plan to make any changes.

Of those aware of the Act, large firms were more likely to report they had already or planned to make changes because of the Act (63% reported this compared to just 30% of medium, 37% of small and 24% of micro businesses). Those who perceived the Act relevant to 'at least some extent' were more likely to have made or planned to make operational changes (41%), with these organisations more likely to be larger firms.

3. Assessing and monitoring risks related to the facilitation of tax evasion

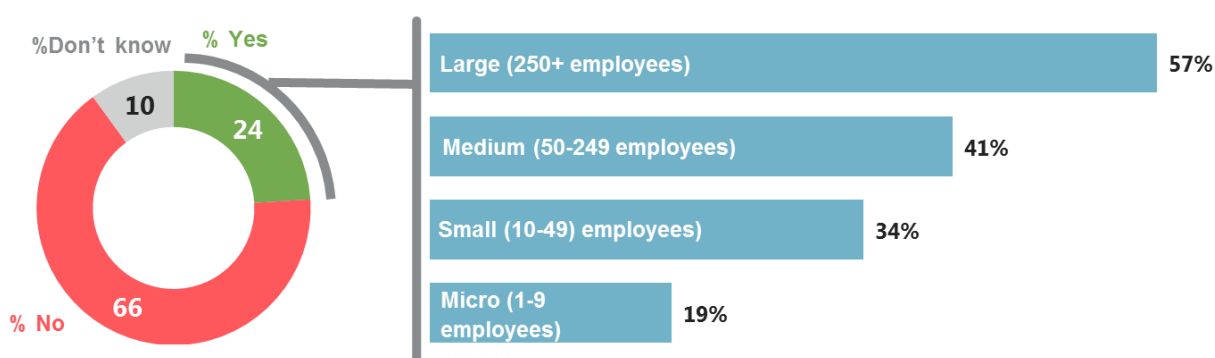
This section examines whether companies and partnerships have implemented or plan to make any changes in response to the corporate criminal offences against the guiding principles in the areas of 'risk assessment' and 'monitoring and review'.. It also covers whether organisations have considered if third parties they work with are doing enough to prevent the facilitation of tax evasion.

3.1 Risk assessments related to the facilitation of tax evasion

At the time of the survey, just under one-quarter of businesses had assessed the risk of being exposed to the facilitation of tax evasion by those providing services on their behalf (24%). As shown in Figure 3.1, large businesses were three times as likely as micro businesses to have assessed this risk (57% compared with 19%). This was also more common among multinational companies (47% versus 22% of those based solely in the UK), London-based companies (35% versus 22% for the rest of the UK) and firms in the finance and insurance sectors (50% versus 24% overall). Firms who were aware of the Act were more likely to report that they had assessed the risk of being exposed to the facilitation of tax evasion (38% versus 17% of those unaware), as were firms who considered the Act relevant to their business (34% who said it was relevant 'to a great/some extent' versus 18% who said it was relevant 'hardly/not at all').

Figure 3.1 Risk assessments

Q. Has your business assessed the risk of being exposed to the facilitation of tax evasion by those providing services on your behalf?



Base: All respondents (1,002), large (136), medium (231), small (190), micro (445).

Around six in ten of all businesses had not formally documented risks related to the facilitation of tax evasion (61%), although this drops to 24% of large businesses. Documenting risks was also more common among multi-national firms (45%), those in the financial and insurance (also 45%) or health and education (44%) sectors, and those with their head office in London (50%). Among businesses that had documented these risks, this was most commonly in an Internal Audit Plan (56%) or a Business Continuity Plan (33%). Just under one-in-

five (18%) said the risks were documented in a company or enterprise level risk register dedicated to addressing the risks of the facilitation of tax evasion.

When looking specifically at businesses that had undertaken a risk assessment and were aware of the Act, 36% stated that this was at least partially because of the Criminal Finances Act 2017 (4% stated this was wholly because of the Act). Larger businesses were most likely to have undertaken risk assessments because of the Act (55%) and medium-sized businesses were the least likely (23%). There were few regional differences, with London broadly matching the rest of the UK (38% versus 35%). This was also the case by sector where no sector was more likely than average to have made changes to risk assessment procedures specifically because of the changes brought in under the Act.

Seven in ten businesses stated they were not looking to make any changes in the next 12 months to their risk assessment procedures regarding the facilitation of tax evasion (70%). Large businesses were most likely to state they would make changes (39% versus 22% overall), with 27% of larger firms asked saying this was partly or wholly because of the Criminal Finance Act 2017.

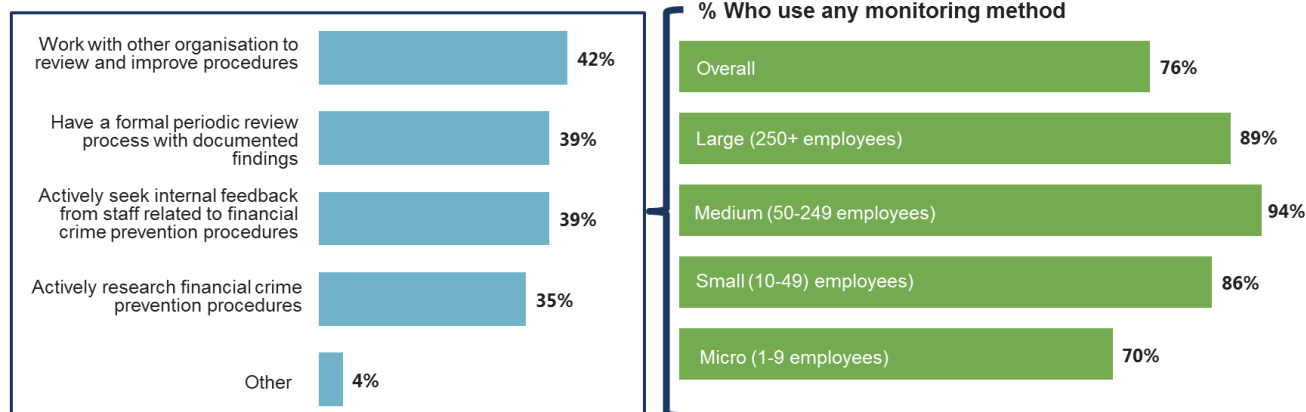
3.2 Monitoring and review of procedures

Almost one-quarter of all businesses stated they had something in place to monitor and review policies and procedures related to preventing the facilitation of tax evasion (23%). Again, this was more common among large businesses (58% compared with 21% of micro firms, 28% of small firms and 40% of medium-sized companies), as well as firms in London (41%) and those in the finance and insurance sector (50%). Businesses who had heard of the Act and those who felt it was relevant to their businesses were also more likely to have monitoring and review policies in place (40% and 38% respectively).

When prompted on the methods used to monitor and review processes and procedures, the most common was working with other organisations (representatives or organisations facing similar risks) to review and improve procedures (42%). However, this varied by company size, with large businesses more likely to cite having a formalised periodic review process with documented findings (65% versus 39% overall) and actively researching financial crime prevention procedures (49% versus 35% overall).

Figure 3.2 Monitoring and review policies and procedures

Q. Do you, or anyone else in the company, do any of the following?



Base: All who review compliance/governance policies and procedures (320), large (76), medium (92), small (56), micro (96).

Three-quarters of organisations which reviewed their policies and processes assessed whether they were proportionate to the risks of the facilitation of tax evasion they face (73%). Larger businesses were more likely to have done so (85%). Those aware of the Act (which were more likely to be larger firms) were also more likely to feel that their procedures were proportionate to the risks they faced (80% versus 64% of those unaware).

When asked about the Act itself, 36% of businesses said they introduced the reviews at least partially because of the Criminal Finances Act 2017. This varied by organisation size, with small (51%) and large businesses (47%) more likely to report this than micro (29%) and medium (38%) firms. Among all businesses, 19% plan to make changes to their monitoring and review procedures in the next 12 months at least in part due to the Act (a further five per cent for other reasons).

Businesses were also asked if they had undertaken any internal reviews into whether the criminal facilitation of tax evasion had occurred within their organisation; 11% stated they had. Large businesses (35%) and firms based in London (18%) were again most likely to have done this, as well as firms in the professional/administrative (17%) information and communication (16%) and finance and insurance (15%) sectors. Among businesses that had conducted internal reviews, only two per cent had discovered misconduct as a result (four cases).

When looking at monitoring and reviewing procedures and undertaking internal reviews in combination, 26% of all businesses stated they had done at least one activity in this area in relation to preventing the facilitation of tax evasion.

3.3 Adherence of counter parties to procedures

Just over one in ten businesses require counter parties such as sub-contractors, suppliers or customers to have or adhere to procedures related to preventing the facilitation of tax evasion (11%). Large businesses were significantly more likely than other businesses to require counter parties to have or adhere to procedures (33%). This was also more common among firms based in London (18% versus 10% of those in the rest of the UK) and the construction sector (25% versus 9% across all other sectors).

Only two per cent of businesses said they had stopped working with third parties or discontinued a service, as a result of a risk assessment related to the facilitation of tax evasion.

4. Procedures in place to prevent facilitation of tax evasion

This section sets out the types of procedures businesses have put in place that may prevent those that provide services on their behalf from criminally facilitating tax evasion. This includes the guiding principle around due diligence. Again, the section sets out the extent to which these procedures have been put in place due to the changes brought about by the Criminal Finance Act 2017, and whether businesses anticipate making any changes over the next year.

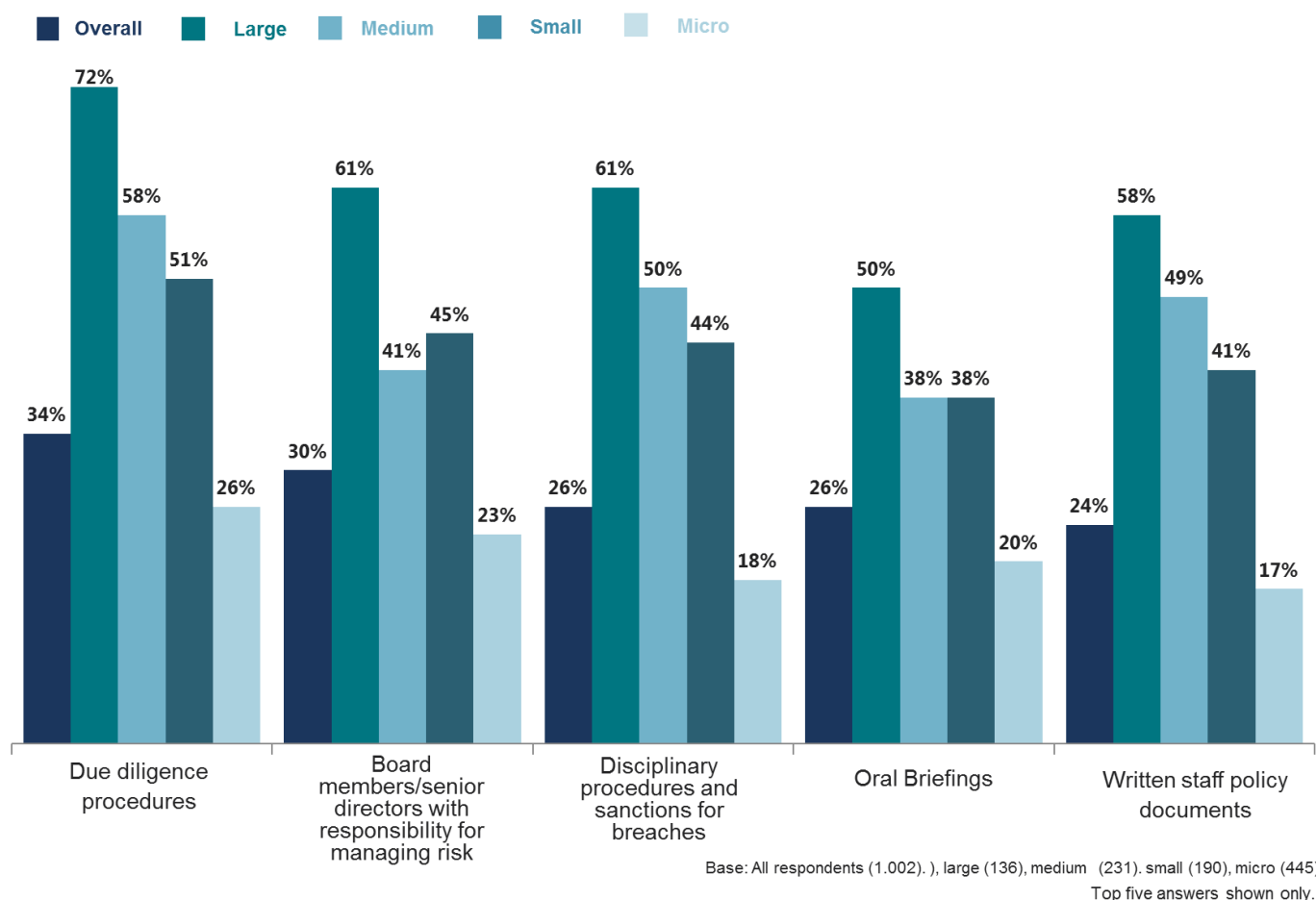
4.1 Types of procedures in place

Over half of respondents (55%) stated they had at least one procedure in place when they were read out a list of procedures that may prevent those that provide services on their behalf from criminally facilitating tax evasion. Large businesses were twice as likely as micro businesses (93% versus 47%) to have at least one procedure in place. Multi-national businesses were more likely to have at least one procedure from the given list in place when compared with those based only in the UK (78% versus 53%), as were those based in London (68% compared with 53% of firms in the rest of the UK) and firms in the financial and insurance sector (80% compared with 35% in retail, wholesale and the motor trade, 36% in accommodation and food and 37% in agriculture, forestry and fishing sector). Again, those who are aware of the Act were more likely to have measures in place (74% compared with 45% of those unaware), as well as businesses that perceive the Act is relevant to them 'to some or a great extent' (71% versus 50% of those who said it was 'hardly or not at all relevant').

The most common type of procedures businesses had in place were due diligence procedures associated with specific transactions or customers (34%), or prospective/existing employees or board members with responsibility for managing risks relating to preventing the facilitation of tax evasion (30%), as shown in Figure 4.1. Variations by company size were evident with large businesses most likely to use internal reporting procedures (for example 'speak up' and 'whistle blowing') and due diligence (73% and 72% respectively). Large businesses were also more likely to have staff members whose job role related to risk detection and monitoring (63%), when this was placed seventh overall. Although small and medium-sized companies put in place similar procedures, medium sized businesses were more likely to cite disciplinary procedures and sanctions for breaches (50%, placing this second out of all the procedures asked about among these businesses).

Figure 4.1 Procedures implemented

Q. Has your business put in place any of the following procedures related to preventing the facilitation of tax evasion?



Of those who stated that they had due diligence procedures in place, 54% undertook these internally, 12% hired only external bodies (e.g. consultants) to undertake due diligence and 32% did both. Micro businesses were more likely to have carried out the due diligence internally (59%), with large businesses the most likely to have undertaken the procedures both internally and externally (43%).

When looking at the influence of the Criminal Finances Act 2017 on businesses implementing any of these procedures and processes asked about, 35% reported that they were put in place at least partly because of the Act (including six per cent who said it was wholly because of the Act). Medium-sized businesses were less likely to say they were influenced by the Act (21%) whilst the reverse is evident for large and small businesses (41% and 45% respectively).

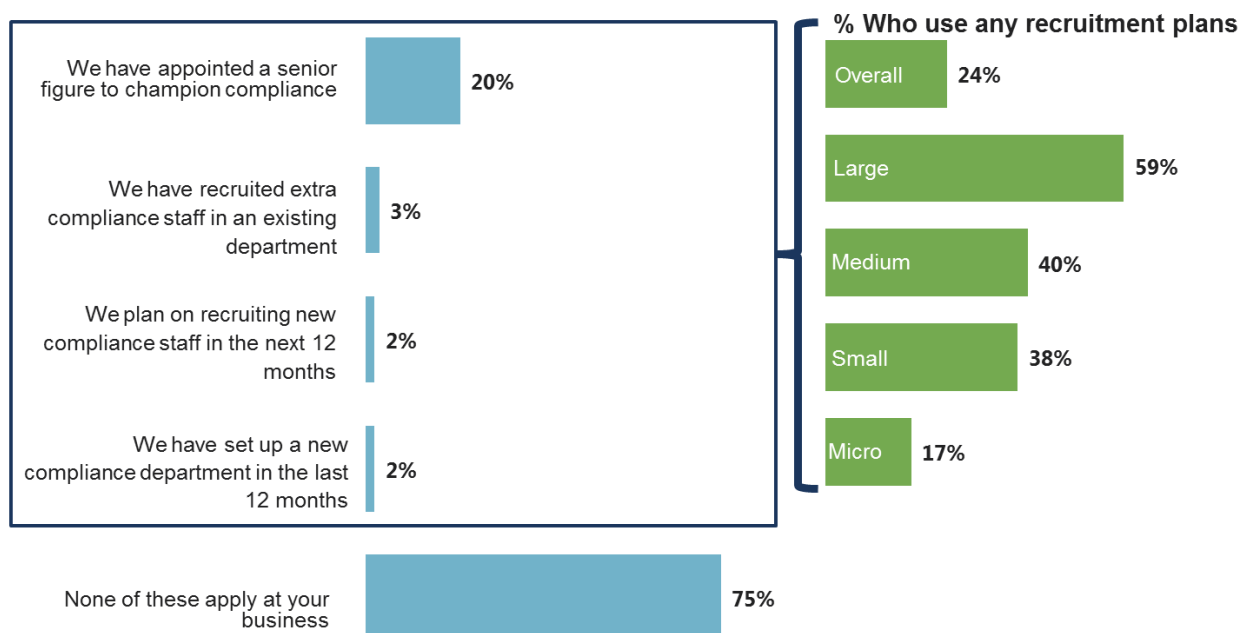
When asked about planned future changes to their procedures to prevent those providing services on their behalf from criminally facilitating tax evasion, 26% of businesses stated they intended to make changes in the next 12 months, with 20% stating that this was partly or wholly because of the Criminal Finances Act 2017. Micro businesses were significantly less likely to say they would make changes because of the Act when compared with larger firms (16% versus 32%). London based firms were more likely to say they would make changes because of the Act (33% versus 17% of firms in the rest of the UK).

4.2 Recruitment plans and changes to compliance staffing

The survey asked all businesses about recruitment of compliance staff in their organisation. Around one-quarter (24%) stated they had made or plan to make some sort of change relating to compliance staffing (typically involving appointing a senior figure to champion compliance (20%)). There was greater focus on having dedicated compliance staff within the organisation in large businesses, as shown in Figure 4.2. The proportion was also higher among London based businesses (33% versus 22% in the rest of the UK), firms in the finance and insurance (43%) and health and education (35%) sectors. Around four in ten of those who had done activities in this area said this was partly or wholly because of the Act (41%). This meant the majority of businesses had made these changes for other reasons.

Figure 4.2 Recruitment of compliance staff

Q. Can you tell me which of the following apply at your business?



Base: All respondents (1,002), large (136), medium (231), small (190), micro (445).

5. Communication and training

This section examines the extent to which procedures preventing the facilitation of tax evasion are embedded in organisations through communications and training. It also covers any external training that has been given to third parties, such as suppliers, contractors or others providing services on the business' behalf. Again, the research looks at the extent to which the introduction of the corporate criminal offences has had an impact on corporate behaviour around awareness raising and training activity.

5.1 Awareness raising activities

Only eight per cent of businesses had undertaken internal or external training, or awareness raising activities in the last 12 months that related to the organisation's policies and procedures to prevent against the facilitation of tax evasion. Again, this was more common among larger businesses (27% compared with 15% of medium, 11% of small and 7% of micro businesses), London based businesses (15% versus 7% for the rest of the UK) and multi-national businesses (24% versus 7% based solely in the UK). Firms in the finance and insurance sector were more likely to have undertaken these activities (27%) – as seen elsewhere – and this was more common among businesses in the professional/business/administrative services sector (16%). The survey found only a minority of those aware of the Act or businesses who perceived the corporate criminal offences were relevant to 'a great or some extent' had done any type of activity (20% and 19% respectively).

Among firms that had undertaken awareness raising or training in the last 12 months, the most frequently selected activities related to providing a clear and confidential means by which employees can raise concerns about tax evasion (70%), along with communicating a zero-tolerance policy on the facilitation of tax evasion (68%). External training and communications was less common; 40% of firms reported someone in the business had attended externally provided training and 31% stated they or a colleague had attended a seminar or conference (see Figure 5.1 for the full list of activities).

Figure 5.1 Training and awareness raising activity

Q. Have you, or anyone else in the business, done any of the following in the last 12 months?



Base: All who have undertaken awareness training (128).

The Act appears to be more influential on the implementation of communication and training than the other guiding principles. Around six in ten claimed that the awareness raising or training activities had been introduced wholly or partly because of the Act (61%). There were no significant differences by company size or sector, although this was not the case when asked about future changes. Among all businesses, 19% anticipated undertaking training or awareness raising activities in the next 12 months because of the changes brought about by the Criminal Finance Act 2017, rising to 43% of large businesses. Firms in the financial and insurance sector (35%) and those based in London (33%) were also more likely to say they expect to do these types of activities in the next 12 months because of the Act.

The survey revealed that providing training on preventing the facilitation of tax evasion for third parties (e.g. suppliers or contractors) is rare (four per cent) even among large businesses (three per cent). However, those in the finance and insurance sector were three times more likely than the average firm to provide such training for third parties (12%).

5.2 Top level commitment

One of HMRC's guiding principles for the preparation of procedures to prevent the facilitation of tax evasion relates to staff in senior positions encouraging and promoting a culture throughout the business that it is not acceptable to facilitate tax evasion. Three in ten firms reported they had board members or senior directors with specific responsibility for risk detection and monitoring related to preventing the facilitation of tax evasion (30%) and two in ten had appointed a senior figure to champion compliance with the corporate criminal

offences more broadly (20%). As Table 5.2.1 shows, large businesses, London-based firms, multinationals and those in the financial and insurance sectors were more likely to have implemented these measures.

Table 5.2.1: Incorporating new responsibilities for senior figures within large, financial and insurance, multinational and London-based businesses

	Overall	Large	Financial and insurance	Multi-national	London
Base	1,002	135	60	110	166
% with senior figure responsible for managing risks related to preventing the facilitation of tax evasion	30%	61%	60%	44%	40%
% who have appointed a senior figure to champion compliance	20%	48%	38%	26%	26%

6. Self-reporting facility

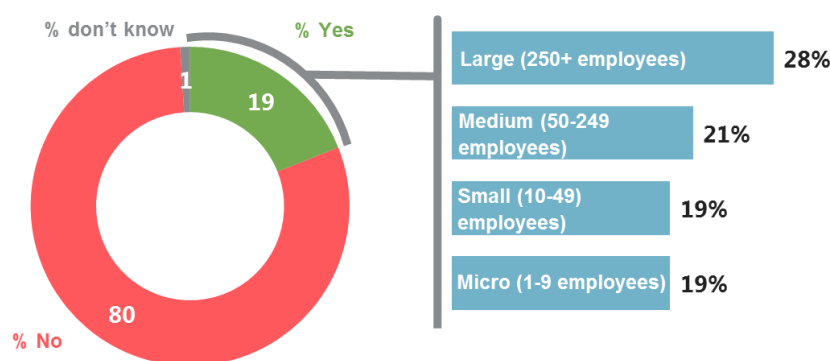
This section examines awareness and usage of the self-reporting facility on the gov.uk website that allows a company or partnership to report that it has failed to prevent the facilitation of tax evasion.

6.1 Awareness of the self-reporting facility

Around one in five respondents were aware of the facility on the gov.uk website that allows a company or partnership to self-report that it has failed to prevent the facilitation of tax evasion (19%). Businesses who had heard of the Act prior to the interview were over three times as likely to be aware of the self-reporting facility (38% compared with 13% of other businesses). Awareness was also higher amongst those who had taken some action because of the Act (30% compared with 17% of firms who had not taken action). Likewise, those who felt the act was relevant to their business to 'a great or some extent' were more likely to be aware of the self-reporting facility (27% compared with 18% of other businesses). Reflecting their higher levels of awareness of the Act and perceived relevance of it to the business, awareness of the facility was also higher among larger firms (28% compared with 19% of other firms).

Figure 6.1 Awareness of self-reporting facility

Q. Are you aware of the facility on the gov.uk website to self-report a company or partnership that has facilitated criminal tax evasion?



Base: All respondents (1,002), large (136), medium (231), small (190), micro (445).

6.2 Usage of self-reporting facility

Among those aware of the self-reporting facility, 32% have visited the webpage themselves or are aware that another employee has. Again, this varied by company size, with 37% of large businesses reporting they had visited the webpage compared to 29% of micro firms. Five per cent of businesses aware of the self-reporting facility stated that they had used the webpage to self-report. This equates to only one per cent of all businesses. This low proportion is not surprising given the earlier finding that few businesses had conducted internal reviews into whether the criminal facilitation of tax evasion had occurred within their organisation and misconduct was discovered as a result of internal reviews in only four cases.

Among those aware of the self-reporting facility, only one per cent stated the potential impact of the consequences of self-reporting had deterred them from doing so.

7. Facilitators of change and barriers to change

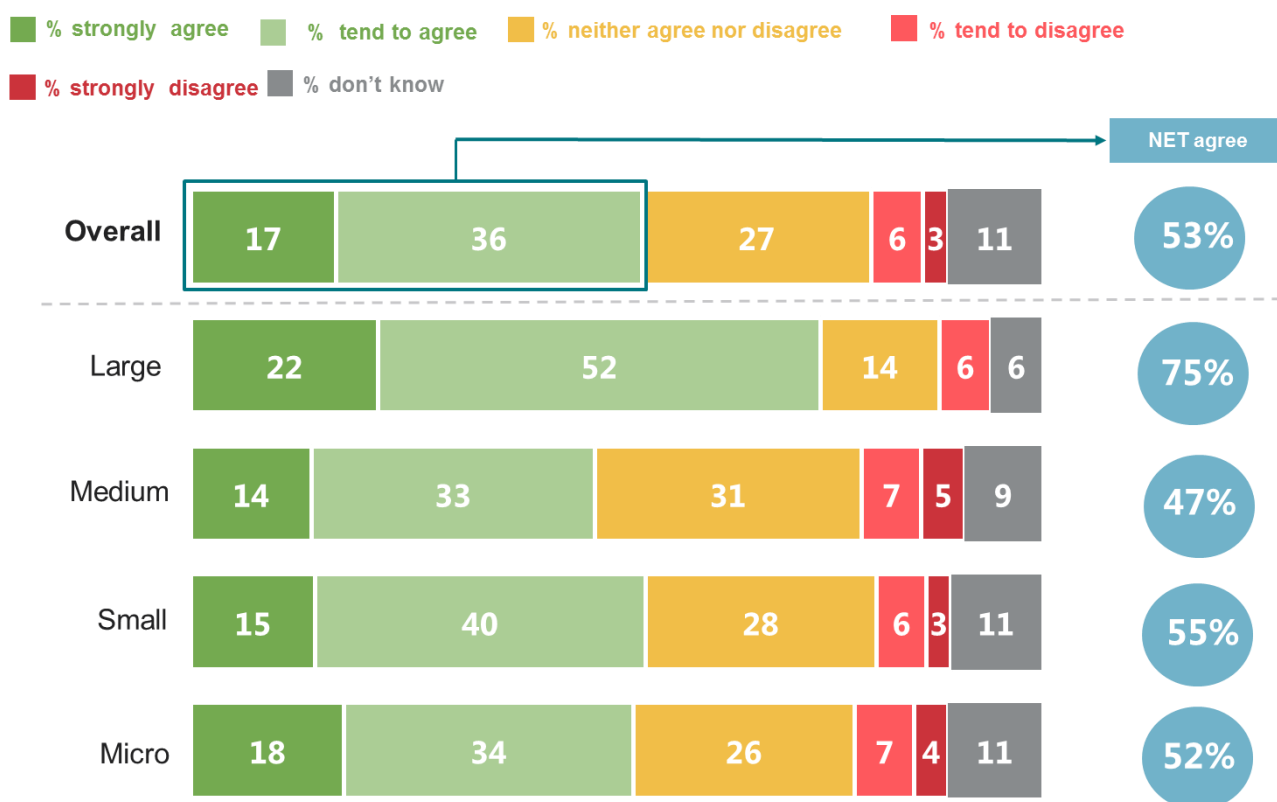
The earlier sections have shown that many businesses have already made changes to their policies and procedures in relation to the introduction of the Criminal Finances Act 2017. A significant proportion also plan to make changes in the next 12 months either partly or wholly because of the Act. This section examines general perceptions around the extent to which the corporate criminal offences will encourage businesses to put in place policies and procedures to prevent the criminal facilitation of tax evasion and their views on different factors which may facilitate or prevent this change.

7.1 Perceived impact of the Criminal Finances Act 2017

Businesses were asked the extent to which they agreed or disagreed that the changes under the Act would encourage businesses to put in place policies and procedures to prevent the facilitation of tax evasion. As Figure 7.1 shows, over half of businesses agreed that this will encourage this behaviour (53% including 17% 'strongly agree'). One in ten disagreed (10%).

Figure 7.1 Attitudes towards the impact of the corporate criminal offences

Q. How much do you agree or disagree that changes under the Criminal Finances Act 2017 will encourage businesses to put in place policies and procedures to prevent criminal facilitation of tax evasion?



Base: All respondents (1,002), large (136), medium (231), small (190), micro (445).

Among the main sub-groups, larger businesses were more likely to agree the Criminal Finances Act 2017 would encourage a behavioural shift (75% including 22% 'strongly agree'), as were firms based in London (66% versus 51% in the rest of the UK).

7.2 Firm views on the barriers and facilitators to preventing the facilitation of tax evasion

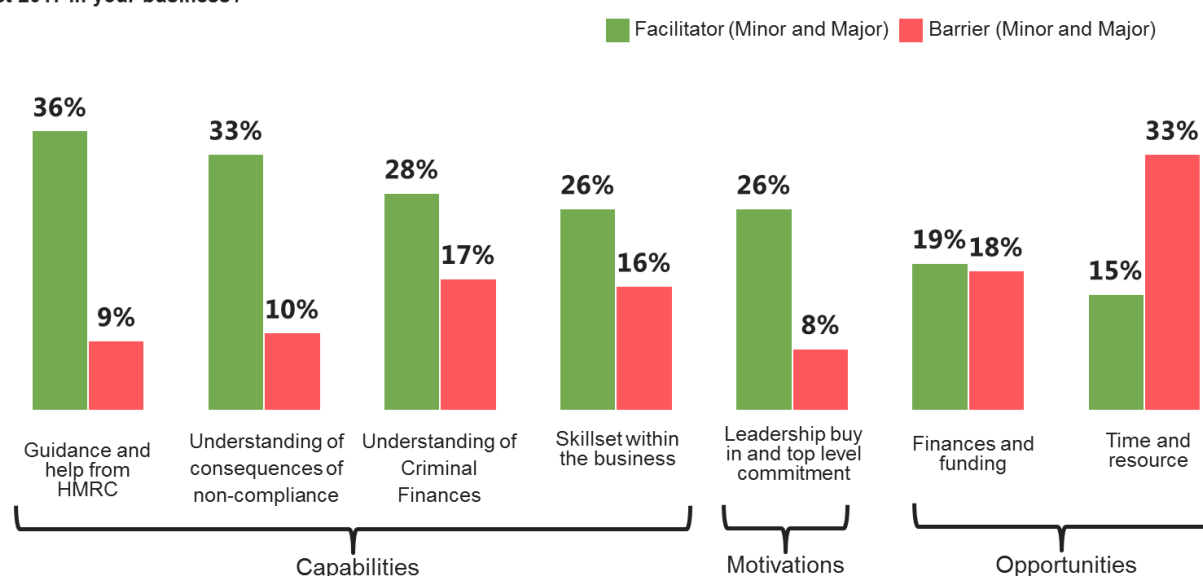
Businesses that were aware of the Act were asked about a number of factors which may encourage or impede them to implement procedures in response to the corporate criminal offences. These covered:

- opportunities (time and resource, finances and funding);
- capabilities (guidance and help from HMRC, skillset within the business, understanding of the Act and its consequences); and
- motivations (leadership buy in).

Factors related to building the capabilities of businesses were most frequently cited as facilitators, in particular guidance and help from HMRC (36% said it was a major or minor facilitator), along with the understanding of the Act (28%) and potential consequences of non-compliance (33%). There were some differences by company size, with larger firms more likely to report guidance and help from HMRC as a barrier than other firms. The survey found that 'opportunity' related factors (as described above) as the greatest perceived barrier to behavioural change (with 33% reporting this for time and resource and 18% for finances and funding). Micro businesses were significantly less likely to see time and resource as a barrier (27% compared with 45% small, 41% medium and 44% large firms) perhaps related to these companies seeing the Act as less relevant to their business.

Figure 7.2 Facilitators and barriers

Q. To what extent will the following be a barrier of or facilitate the implementation of procedures in relation to the Criminal Finances Act 2017 in your business?



Base: All aware of changes under the Criminal Finances Act 2017 (333)

In terms of leadership buy-in and top-level commitment, 58% of large businesses perceived this as facilitator (compared with 41% of medium, 34% of small and 20% of micro businesses). Large businesses were also more likely to perceive understanding of the Act (42% compared with 28% of other businesses) and its consequences (59% compared with 33% of other businesses) as facilitators, as well as skillset within the business (40% versus 26%). Multi-national businesses, London based businesses and those in the financial and insurance sector showed similar patterns to large businesses on these factors.

However, skillset was more likely to be perceived as a barrier for those who had already made or planned to make changes in their operations due to the Act (27% compared with 11% of other businesses). These businesses were significantly more likely to cite the following as facilitators of implementing procedures:

- Leadership buy-in and top-level commitment (38% versus 19%)
- Understanding of the Criminal Finances Act 2017 (37% versus 22%)
- Understanding of the consequences of non-compliance (51% versus 24%)

There was a similar outlook for businesses who believed the Act to be relevant 'to a great or some extent'. For example, 33% reported leadership buy in as a facilitator (compared with 18% of other businesses).

8. Conclusions

One-quarter of all businesses surveyed reported that they were aware of the Criminal Finances Act 2017. When prompted that changes under the Act make businesses criminally liable for failing to prevent the facilitation of tax evasion, awareness increased to 34%. However, firms were divided about whether they know what the Act means for their business. Reflecting this, almost one-third (32%) of organisations believed the Act was relevant to their business to 'at least some extent', with only nine per cent saying it was relevant 'to a great extent'. There were indications that certain types of companies and partnerships are more engaged with the Act, including large businesses, multinationals and firms within the finance and insurance sector.

In terms of the six guiding principles for designing procedures to prevent the risk of representatives criminally facilitating tax evasion (as set out in HMRC's guidance), there were varying levels of activity among businesses. At the time of the interview, the most common activity was implementing procedures that may prevent those providing services on their behalf from criminally facilitating tax evasion. Over half of all businesses stated they had at least one of the five procedures asked about in place (55%), most commonly due diligence procedures (34%), followed by senior figures with responsibility for managing risk (30%).

These activities will partly facilitate a change in corporate culture in regards to preventing the facilitation of tax evasion but to further drive a behavioural shift, businesses should also be aware of the potential risks they face of being exposed to the facilitation of tax evasion by those providing services on their behalf. This is a fundamental step in producing risk-based prevention procedures. The survey revealed only 24% had assessed this risk and most businesses did not have risks formally documented. Greater awareness of the risks of the facilitation of tax evasion feed into all aspects of an organisation's procedures. This includes organisations ensuring their procedures are embedded and understood throughout the organisation whilst encouraging more communications and training relating to the organisation's procedures to mitigate these risks, as well as other components of their procedures. Activity in some of these areas is rare – for example only eight per cent of organisations had undertaken training or communications in the last 12 months – which presents opportunities for further behaviour changes.

As might be expected, organisations that feel the Act is relevant to them were more likely than average to have put activities in place to prevent the facilitation of tax evasion. The introduction of procedures varied depending on a number of characteristics of the organisation. For example, large businesses were three times as likely as micro businesses to have assessed the risk of being exposed to the facilitation of tax evasion (57% compared with 19%) and virtually all large businesses had at least one procedure in place that may prevent those that provide services on their behalf from criminally facilitating tax evasion (93%). Similar findings were also found for London-based firms, multinationals and - to some extent - those in the finance and insurance sector.

When it comes to the impact of the Criminal Finances Act 2017, one in five businesses were aware of the Act and had made changes to their operations directly because of it (20%) with 11% saying that they were planning

to introduce changes or make further changes in the next 12 months. The findings suggest, to some extent, that the introduction of the corporate criminal offences has encouraged businesses who would not normally undertake formal activity to prevent the facilitation of tax evasion to change their behaviour and begin to do so.

The characteristics of a business was found to influence both its attitudes towards the corporate criminal offences and the extent of their behaviour change. When looking at the influence of the Act on implementing prevention procedures, small businesses were most likely to report they were at least partly influenced by the Act (45% compared with 35% overall). However, small businesses as a whole were still less likely to understand the importance of introducing processes and procedures to prevent the facilitation of tax evasion. This is perhaps related to these companies seeing the Act as less relevant with only 55% of small businesses agreeing the corporate criminal offences will encourage businesses to take some action, compared with 75% of large businesses. Therefore, how relevant an organisation sees the Act to their business appears to influence how much action is taken and this varies among different types of business.

Overall the research suggests that while awareness of the corporate criminal offences is currently relatively low across all UK companies and partnerships, over time firms are likely to be encouraged to put in place policies and procedures to prevent the facilitation of tax evasion. The survey also revealed, despite the offences only coming into force in September 2017, a notable proportion of companies and partnerships had already implemented changes to their risk assessment, procedures, training and awareness raising activity because of the changes brought about by the Act.

The extent to which the introduction of the Act will be an effective measure going forwards remains to be seen. Views on different factors which may facilitate or prevent behavioural change in relation to the corporate criminal offences varied among different types of businesses. Continuing to build the capabilities of businesses was felt to be important, in particular guidance and help from HMRC which was most frequently cited as a facilitator to implementing procedures to prevent the facilitation of tax evasion.

Appendix 1: Sample outcomes

	All sample		Valid sample ⁹	
	N	%	N	%
Complete interviews	1,002	35	1,002	43
Refusals (including abandoned interviews)	676	24	629	27
Screened out	73	3		
Unresolved ¹⁰	637	22	592	25
Not available in fieldwork period	128	4	119	5
Bad numbers	357	12		
Total sample	2,873	100	2,342	100
Ineligible (screen out/complete + screen-out))		7%		
Co-operation rate ¹¹ (complete/(complete + refusal))		60%		
Unadjusted response rate (complete/all sample)		35%		
Adjusted response rate (complete/valid sample)				43%

⁹ Taking into account eligibility rate of 93%.

¹⁰ These are cases which at the end of fieldwork the sample lead was not converted to a completed interview and was not confirmed as an unusable lead or refusal either. The vast majority of these were called by Ipsos MORI on more than 10 occasions and many were contacted at least 20 times.

¹¹ The co-operation rate is the proportion of all respondents who agreed to complete an interview, excluding those who refused and abandoned the interview.

Appendix 2: Profile of companies and partnerships

This section summarises the weighted and unweighted profiles of the companies and partnerships that took part in the research. This provides contextual information on the population of businesses that may be impacted by the corporate criminal offences.

Number of employees

For the purpose of this study, the size of the business was measured by the number of employees. These were split into micro (1-9 employees), small (10-49 employees), medium (50-249 employees) and large (250+ employees) businesses. A breakdown of the unweighted and weighted profile is provided in the table below.

Table A.1: Profile of sample by size of business

	<i>Unweighted base</i>	<i>Unweighted percent</i>	<i>Weighted base</i>	<i>Weighted percent</i>
Micro (1-9 employees)	445	44%	694	69%
Small (10-49 employees)	190	19%	287	29%
Micro/Small (NET) (1-49 employees)	635	63%	981	98%
Medium (50-249 employees)	231	23%	17	2%
Large (250+ employees)	136	14%	4	*
Total	1,002	100%	1,002	100%

* Less than 0.5% of the sample represented large businesses.

Sector

The businesses that took part in the research covered 18 industry sectors, based on the Office for National Statistics' Standard Industrial Classification. These were then grouped for analysis into 11 sectors in order to enable analysis by sector. A breakdown of the unweighted and weighted profile is provided in the table below.

Table A.2: Profile of sample by sector

	<i>Unweighted base</i>	<i>Unweighted percent</i>	<i>Weighted base</i>	<i>Weighted percent</i>
Agriculture, forestry & fishing	28	3%	41	4%
Production	115	11%	60	6%
Construction	84	8%	123	12%
Retail, Wholesale and the Motor Trade	162	16%	138	14%
Transport & Storage (inc. postal)	48	5%	40	4%
Accommodation & food services	52	5%	54	5%
Information & communication	57	6%	96	10%
Finance & insurance	60	6%	26	3%
Professional, scientific, technical, business administration & support and real estate activities	219	22%	309	31%
Health, Education and Public Admin/ Defence	104	10%	40	4%
Arts, entertainment, recreation & other	73	7%	75	7%
Total	1,002	100%	1,002	100%

Region

Organisations from across the UK were interviewed for this study. Though regions were looked at individually, London was a region of particular interest, due to the different make-up of businesses when compared to the rest of the UK, so was often singled out for comparison with the rest of the nation. A full breakdown of the weighted regional profile of the businesses is provided in the table below. The differences related to there being a significantly higher proportion of businesses in the information and communication (16% of London based businesses versus 8% in the rest of the UK), and professional, scientific, technical, business administration & support and real estate activities sectors (45% in London versus 28% in the rest of the UK), and a significantly lower proportion of businesses in the agriculture, forestry & fishing sector (0% in London versus 5% in the rest of the UK).

Table A.3: Profile of sample by region

<i>Base:</i>	<i>1,002</i>
London	15%

Rest of UK excluding London	85%
East Midlands	7%
East of England	9%
North East	3%
North West	9%
Northern Ireland	2%
Scotland	7%
South East	17%
South West	10%
Wales	4%
West Midlands	8%
Yorkshire and Humber	9%

Legal Status

Only organisations with a legal status that was relevant to the Criminal Finances Act 2017 were interviewed. These were incorporated companies, partnerships and not for profit organisations. Sole proprietors were excluded from the survey due to the nature of the offences. The full breakdown of the weighted profile is provided in the table below.

Table A.4: Profile of sample by legal status

Base:	1,002
Company	86%
Partnership	10%
Not for profit	4%

Multi-national presence

Organisations were asked whether they operated at any premises outside of the UK. A full weighted profile can be found below. When looking at the weighted profile, only 6% of businesses had a multinational presence, increasing to 31% of large organisations.

Table A.5: Profile of weighted sample by multi-national presence split by size

	All	Micro (1-9 employees)	Small (10-49 employees)	Medium (50-249 employees)	Large (250+ employees)
Base:	1,002	445	190	213	136
Yes	6%	5%	9%	15%	31%
No	93%	95%	90%	83%	69%
Don't know	*	*	1%	2%	*

*Responses equal less than 0.5%.

Appendix 3: Questionnaire

KEY:

INTERVIEWER INSTRUCTIONS IN BLUE

ROUTING/SCRIPTING INSTRUCTIONS IN RED

CODING INSTRUCTIONS IN GREEN

INTRODUCTION

READ OUT TO ALL

Hello, my name is and I'm calling from Ipsos MORI an independent market research company. We are conducting an important study on behalf of Her Majesty's Revenue and Customs (HMRC).

Please could you put me through to a Senior Manager or Director at your organisation that has responsibility for making decisions related to your governance and tax compliance procedures at your company? This is likely to be the Owner, Managing Director, CEO, Company Secretary, Financial Director or Compliance Director.

ADD IF NECESSARY: If none of the above are available, we would also be interested in speaking to any equivalents of these roles, or the closest job level to these roles.

WHEN THROUGH TO THE CORRECT RESPONDENT

Hello, my name is and I'm calling from Ipsos MORI an independent market research company. We are conducting an important study on behalf of Her Majesty's Revenue and Customs (HMRC). The aim of the survey is to explore your experience of an Act that has recently become law relating to corporate bodies' failures to prevent the facilitation of tax evasion and any impact your company may have experienced as a result. The information collected will help HMRC better understand the impact of the Act on corporate behaviour, and improve HMRC's advice and engagement with businesses.

The interview will take around 10 minutes of your time and everything you say will be treated in the strictest confidence.

INTERVIEWER: IF ASKED WHAT THE ACT IS

It would not be helpful to tell you what the specific Act is now as we want to understand your awareness of it.

INTERVIEWER: IF RESPONDENT INSISTS ON KNOWING WHAT THE ACT IS THEN TELL THEM IT IS THE CRIMINAL FINANCE ACT 2017. PLEASE CODE THAT YOU HAVE HAD TO DISCLOSE THE NAME OF THE ACT

1. Have disclosed name of Criminal Finance Act 2017 - **CONTINUE**
2. Have not disclosed name of Criminal Finance Act 2017 - **CONTINUE**

SINGLE CODE

Participation in the research is voluntary and you can withdraw at any point of the interview by letting me know. Just to let you know, the interview will be recorded for quality assurance purposes. Your survey responses will be stored securely. We will send them in an anonymised form only to HMRC, who will retain the anonymised data for internal research use only. HMRC will not be able to identify any individual from their answers.

Would you be happy to take part in an interview?

1. Yes – happy to take part now **CONTINUE**

2. Yes – happy to take part in an interview at another time – **MAKE APPOINTMENT AND SEND REASSURANCE EMAIL**
3. No – **THANK AND CLOSE**

SINGLE CODE

REASSURANCES IF NECESSARY

- Taking part is totally confidential and anonymous for all individuals and organisations.
- There is no way that HMRC will be able to identify you or the business in the findings Ipsos MORI gives to them, which will be fully anonymised.
- The survey is not technical and you don't need any specific knowledge about the Act to take part.
- There is no way HMRC will be able to use the information or data for or against the business and this is not in any way an exercise aimed at detecting non-compliance.
- Findings from the survey are expected to be published on the GOV.UK website in 2019, in order to help businesses like yours.
- Details of the survey and our privacy notice are on the Ipsos MORI website at <https://assets.ipsos-mori.com/taxresearch/furtherinformation.pdf>

IF ASK FOR FURTHER INFORMATION: You can contact Natasha Jones, from Ipsos MORI on 020 3059 5071 or Daniel Hepner, from HMRC on 03000 527946

IF BUSINESS WANTS MORE INFORMATION SEND REASSURANCE EMAIL

SHOW ALL OTHER STANDARD OUTCOME CODES

101. Soft refusal
 102. Refused – think survey is not genuine
 103. Refused – company no-name policy
 104. Refused – compliance/governance procedures are commercially confidential
 105. Ineligible – public sector at PRIVATE
 106. Ineligible – public sector at INTRO
 107. Ineligible – sole trader at LEGALSTATUS
 108. Ineligible – sole trader at INTRO
-

SCREENER**ASK ALL****S1.PRIVATE**

Would you classify your organisation as one ...?

READ OUT

1. Mainly seeking to make a profit
2. A charity or voluntary sector organisation or a social enterprise
3. A government-financed body **ADD IF NECESSARY** such as a service provided or funded by the council or the Civil Service, any part of the NHS or an Executive Agency or other non-departmental public bodies
(INTERVIEWER: THANK AND CLOSE)
4. Other (SPECIFY)
5. Don't know (INTERVIEWER: THANK AND CLOSE)

SINGLE CODE**ASK ALL****S2.LEGALSTATUS**

What is the legal status of your organisation? **READ OUT AS NECESSARY. IF SOLE PROPRIETORSHIP/TRADER (CODE 1) THEN ASK:** Can I just confirm that there are no other owners involved in running the business except yourself? **IF THERE ARE OTHER OWNERS THEN PLEASE RE-CODE AS A PARTNERSHIP (CODE 4)**

READ OUT

1. Sole proprietorship (i.e. you are self-assessing) (INTERVIEWER: THANK AND CLOSE)
2. Private limited company, limited by shares (Ltd)
3. Public Limited Company (PLC)
4. Partnership
5. Limited Liability partnership (LLP)
6. Limited Partnership (LP)
7. Trust
8. Charity
9. Membership Body
10. Unincorporated Association
11. Other (SPECIFY)
12. Don't know (INTERVIEWER: THANK AND CLOSE)

SINGLE CODE**READ OUT TO THANK AND CLOSE**

Unfortunately, we need to restrict the survey to companies and partnerships. Thank you very much for your time today.

ASK ALL**S3.SIZE**

Can I check, how many people, including yourself, work across your business in the UK as a whole? By that I mean both full-time and part-time employees on your payroll, as well as any working proprietors or owners. Please include yourself and anyone who works for the organisation, even if they work in a different location or site to you. But do not include subcontractors or temps. **PROMPT TO BAND.**

1. 1 to 9 employees
2. 10 to 19 employees
3. 20 to 49 employees
4. 50 to 99 employees
5. 100 to 249 employees
6. 250 to 499 employees
7. 500 to 999 employees
8. 1,000 to 4,999 employees
9. 5,000 or more employees
10. **DO NOT READ OUT:** Don't know

SINGLE CODE

ASK ALL EXCEPT THOSE WHO ARE "SOMETHING ELSE" IN SAMPLE**S4.SECTOR**

We understand your business operates in the **<SECTOR FROM SAMPLE>** sector? Is that correct?

1. Yes
2. No

SINGLE CODE

ASK IF INCORRECT (CODE 2 AT SECTOR) OR "SOMETHING ELSE" IN SAMPLE**S5.SECTORCHECK**

What is the main activity of your business? **PROMPT TO CODE.**

1. Accommodation or food service activities
2. Activities of membership organisations
3. Administrative and support service activities
4. Agriculture, Fishing and Forestry
5. Arts, entertainment and recreation
6. Construction
7. Education
8. Financial and insurance activities
9. Human health and social work activities
10. Information and communication
11. Manufacturing
12. Motor vehicles and motorcycles sale or repair
13. Professional, scientific and technical activities
14. Real estate activities
15. Retail trade
16. Transportation and storage
17. Utilities (including energy, water and waste)
18. Wholesale trade
19. Something else (WRITE IN)
- 20.

SINGLE CODE

SECTION A: AWARENESS OF CRIMINAL FINANCES ACT 2017**ASK ALL****A1. AWARE**

Have you heard of the Criminal Finances Act 2017?

1. Yes, heard of
2. No, not heard of
3. Don't know (DO NOT READ OUT)

SINGLE CODE**ASK ALL****A2. KNOWLEDGE**

Changes under the Criminal Finances Act 2017 make businesses criminally liable for failing to prevent the facilitation of tax evasion by individuals or other businesses acting on their behalf. How aware are you of these changes, would you say...?

READ OUT

ADD IF NECESSARY: I would like to remind you that your answers will not be judged in anyway or passed on in a way that would identify yourself or your company.

1. You are aware of the changes and know what this means for your business
2. You are aware of the changes but are not sure what this means for your business
3. You are not aware of the changes
4. Don't know (DO NOT READ OUT)

SINGLE CODE**ASK IF AWARE OF THE CHANGES (CODE 1 OR 2 AT KNOWLEDGE)****A3. LIABILITY**

And are you aware or not that under the Criminal Finances Act 2017 ...?

READ OUT A AND B.

- A. Businesses are liable if they fail to prevent the facilitation of tax evasion by anyone providing a service on their behalf, such as employees, suppliers, subcontractors or agents?
 - B. Of the potential consequences of a successful prosecution, such as unlimited fines, loss of regulatory approval or director disqualification
1. Yes, aware
 2. No, not aware
 3. Don't know (DO NOT READ OUT)

SINGLE CODE FOR EACH

SECTION B: CHANGES MADE DUE TO THE CRIMINAL FINANCES ACT

ASK IF AWARE OF THE CHANGES (CODE 1 OR 2 AT KNOWLEDGE)

B1. CHANGE

Has your business made or will it make any changes in its operations due to the changes brought in under the Criminal Finances Act 2017?

1. Yes – already made changes
2. Yes – plan to make [IF CODE 1 further] changes
3. No
4. Don't know (DO NOT READ OUT)

MULTICODE OK FOR CODES 1 AND 2

ASK ALL

B2. RELEVANT

[IF AWARE OF CHANGES CODE 1 OR 2 AT KNOWLEDGE Based on your knowledge of the Criminal Finances Act 2017; ALL OTHERS Based on the description of the Criminal Finances Act 2017] to what extent do you feel it is relevant to your business? INTERVIEWER ADD IF NECESSARY The Criminal Finances Act 2017 has created criminal liability for businesses who fail to prevent the facilitation of tax evasion by individuals or other businesses acting on their behalf.

READ OUT. REVERSE SCALE

1. To a great extent
2. To some extent
3. Hardly at all
4. Not at all
5. Don't know

SINGLE CODE

SECTION C: RISK ASSESSMENTS**READ OUT TO ALL**

I would now like to ask you some questions related to preventing the facilitation of tax evasion, starting with risk assessment. **ADD IF NECESSARY:** I would like to remind you that your answers will not be judged in any way or passed on in a way that would identify yourself or your company.

ASK ALL**C1.RISK**

Has your business assessed the risk of being exposed to the facilitation of tax evasion by those providing services on your behalf? **ADD IF NECESSARY:** By those providing services on your behalf we mean people such as employees, suppliers, subcontractors or agents.

1. Yes
2. No
3. DON'T KNOW (DO NOT READ OUT)

SINGLE CODE**ASK ALL****C2. DOC**

Are risks related to the facilitation of tax evasion documented in any of the following, or not?

READ OUT. ROTATE

1. In a Company or Enterprise-level dedicated risk register
2. In an Internal Audit Plan
3. In the Business Continuity Plan
4. Other (please specify) – **OE BOX**
5. None of these (DO NOT READ OUT)
6. DON'T KNOW (DO NOT READ OUT)

MULTICODE**ASK IF AWARE OF THE CHANGES (CODE 1 OR 2 AT KNOWLEDGE) AND UNDERTAKEN RISK ASSESSMENT (CODE 1 AT RISK)****C3. RISKIMPACT**

Can I check whether you have made any changes to your risk assessment procedures specifically because of the changes brought in under the Criminal Finance Act 2017? IF YES CHECK IF WHOLLY OR PARTLY DUE TO ACT

1. Yes – wholly because of the Criminal Finance Act 2017
2. Yes – partly because of the Criminal Finance Act 2017
3. No
4. DON'T KNOW (DO NOT READ OUT)

SINGLE CODE

ASK ALL

C4. RISKFUTURE

Does your business anticipate making any [IF YES AT RISKIMPACT further] changes in the next 12 months relating to its risk assessment procedures regarding the facilitation of tax evasion?

1. Yes – wholly because of changes brought in under the Criminal Finances Act 2017
2. Yes – partly because of changes brought in under the Criminal Finances Act 2017
3. Yes – but for reasons other than the Criminal Finance Act 2017
4. No
5. DON'T KNOW (DO NOT READ OUT)

SINGLE CODE _____

SECTION D: PROCEDURES**READ OUT TO ALL**

I would now like to ask a few questions about procedures that may prevent individuals or organisations that provide services on your behalf from criminally facilitating tax evasion. **INTERVIEWER ADD IF NECESSARY:** I would like to remind you that your answers will not be judged in anyway or passed on in a way that would identify yourself or your company.

INTERVIEWER ADD IF NECESSARY: By those providing services on your behalf we mean people such as employees, suppliers, subcontractors or agents.

ASK ALL**D1. PROCEDURES**

Has your business put in place any of the following procedures related to preventing the facilitation of tax evasion?

READ OUT. ROTATE

1. Oral briefings **INTERVIEWER ADD IF NECESSARY:** This can include internal staff or external suppliers and subcontractors
2. Written staff policy documents
3. Internal reporting including 'speak up' or 'whistle blowing' procedures
4. Prevention of tax evasion, or the facilitation of tax evasion, written into the terms and conditions of contracts
5. Disciplinary procedures and sanctions for breaches **INTERVIEWER ADD IF NECESSARY:** This can include internal staff or external suppliers and subcontractors
6. Board members/senior directors with responsibility for managing risk related to preventing the facilitation of tax evasion
7. A formal policy or policies covering associated risks
8. Staff members whose job role includes risk detection and monitoring
9. Due diligence procedures associated with specific transactions or customers, or prospective and existing employees
10. Other (please specify) – **OE BOX - INTERVIEWER READ OUT** This can be anything that you think helps prevent the facilitation of tax evasion and could include formal policies, practical steps taken to implement these policies and/or the monitoring of the effectiveness of these policies and procedures.
11. None of these **(DO NOT READ OUT)**
12. DON'T KNOW **(DO NOT READ OUT)**

MULTICODE**ASK IF UNDERTAKEN DUE DILIGENCE (CODE 9 AT PROCEDURES)****D2. DUE DILTYPE**

Were due diligence procedures undertaken by your business internally or externally (e.g. by consultants)?

1. Internally
2. Externally (e.g. by consultants)
3. Both internally and externally
4. DON'T KNOW **(DO NOT READ OUT)**

SINGLE CODE

ASK IF AWARE OF THE CHANGES (CODE 1 OR 2 AT KNOWLEDGE) AND PUT IN PLACE PROCEDURES (CODE 1 TO 10 AT PROCEDURES)

D3. PROCEDUREIMPACT

Has your business put in place any of these procedures specifically because of the changes brought in under the Criminal Finance Act 2017? IF YES CHECK IF WHOLLY OR PARTLY DUE TO ACT

1. Yes – wholly because of the Criminal Finance Act 2017
2. Yes – partly because of the Criminal Finance Act 2017
3. No
4. DON'T KNOW (DO NOT READ OUT)

SINGLE CODE

ASK ALL

D4. PROCEDUREFUTURE

Does your business anticipate making any [IF ANY CODE 1 TO 10 AT PROCEDURES further] changes in the next 12 months relating to its procedures to prevent staff or organisations you work with from criminally facilitating tax evasion? IF YES CHECK IF WHOLLY OR PARTLY DUE TO ACT OR FOR OTHER REASONS

1. Yes – wholly because of changes brought in under the Criminal Finances Act 2017
2. Yes – partly because of changes brought in under the Criminal Finances Act 2017
3. Yes – but for reasons other than the Criminal Finance Act 2017
4. No
5. DON'T KNOW (DO NOT READ OUT)

SINGLE CODE

ASK ALL

D5. STAFF

Now can you tell me which of the following apply at your business?

READ OUT

1. We have set up a new compliance department in the last 12 months
2. We have recruited extra compliance staff in an existing department
3. We plan on recruiting new compliance staff in the next 12 months
4. We have appointed a senior figure to champion compliance - IF ASKED This can either mean a current senior figure or a new hire.
5. None of these apply at your business
6. Don't know (DO NOT READ OUT)

MULTICODE OK SINGLE CODE 5 AND 6

ASK IF AWARE OF THE CHANGES (CODE 1 OR 2 AT KNOWLEDGE) AND PUT IN PLACE NEW COMPLIANCE/GOVERNANCE STAFF (CODE 1 TO 4 AT STAFF)

D6. STAFFIMPACT

[IF CODE 1, 2 OR 4 AT STAFF Has your business done; IF CODE 3 AT STAFF Is your business doing] any of these activities specifically because of the changes brought in under the Criminal Finance Act 2017? IF YES CHECK IF WHOLLY OR PARTLY DUE TO ACT

1. Yes – wholly because of the Criminal Finance Act 2017
2. Yes – partly because of the Criminal Finance Act 2017
3. No
4. DON'T KNOW (DO NOT READ OUT)

SINGLE CODE _____

SECTION E: TRAINING AND AWARENESS RAISING**READ OUT TO ALL**

I would now like to ask some questions on communications and training.

ASK ALL**E1. COMMSTRaining**

Has your business undertaken any internal or external training or awareness raising activities about the organisation's policy against engaging in the facilitation of tax evasion in the last 12 months?

1. Yes
2. No
3. DON'T KNOW (DO NOT READ OUT)

SINGLE CODE

ASK IF UNDERTAKEN AWARENESS RAISING (CODE 1 AT COMMSTRaining)**E2. COMMSType**

Have you, or anyone else in the business, done any of the following in the last 12 months?

READ OUT. ROTATE

1. Communicated information on tax evasion and related legislation to employees
2. Communicated a zero-tolerance policy regarding facilitating tax evasion to employees
3. Provided a clear and confidential means by which employees can raise concerns regarding tax evasion or its facilitation
4. Externally communicated a zero-tolerance policy regarding facilitating tax evasion (e.g. to customers or suppliers)
5. Attended seminars or conferences on preventing the facilitation of tax evasion
6. Attended any externally-provided training on preventing the facilitation of tax evasion
7. Received any internal training on preventing the facilitation of tax evasion
8. Other (please specify) – **OE BOX**
9. DON'T KNOW (DO NOT READ OUT)

MULTICODE

ASK ALL**E3. TRaINThIRDPARTY**

Have you or anyone from your business provided training on preventing the facilitation of tax evasion for third parties, such as suppliers, contractors, or those providing services on the business' behalf?

1. Yes
2. No
3. DON'T KNOW (DO NOT READ OUT)

SINGLE CODE

ASK IF AWARE OF THE CHANGES (CODE 1 OR 2 AT KNOWLEDGE) AND PUT IN PLACE COMMUNICATIONS AND/OR TRAINING (CODE 1 AT COMMSTRaining OR CODE 1 AT TRAINTHIRDPARTY)

E4. COMMIMPACT

Can I check have any of the [ADD AS APPROPRIATE DEPENDING ON RESPONSES TO COMMS AND TRAINING awareness raising or training activities] specifically been introduced because of the changes brought in under the Criminal Finance Act 2017? IF YES CHECK IF WHOLLY OR PARTLY DUE TO ACT

1. Yes – wholly because of changes brought in under the Criminal Finances Act 2017
2. Yes – partly because of changes brought in under the Criminal Finances Act 2017
3. No
4. DON'T KNOW (DO NOT READ OUT)

SINGLE CODE

ASK ALL

E5. COMMFUTURE

Does your business anticipate doing any [IF YES AT COMMIMPACT further] awareness raising or training activities related to preventing the facilitation of tax evasion in the next 12 months? IF YES CHECK IF WHOLLY OR PARTLY DUE TO ACT OR FOR OTHER REASONS

1. Yes – wholly because of changes brought in under the Criminal Finances Act 2017
2. Yes – partly because of changes brought in under the Criminal Finances Act 2017
3. Yes – but for reasons other than the Criminal Finance Act 2017
4. No
5. DON'T KNOW (DO NOT READ OUT)

SINGLE CODE

SECTION F: MONITORING AND REVIEW PROCESSES**ASK ALL****F1. REVIEW**

Thinking of what we have discussed so far, does your business have anything in place to monitor and review policies and procedures related to preventing the facilitation of tax evasion?

1. Yes
2. No
3. DON'T KNOW (DO NOT READ OUT)

SINGLE CODE

ASK IF REVIEW (CODE 1 AT REVIEW)**F2. REVIEWTYPE**

Do you, or anyone else in the company, do any of the following?

READ OUT. ROTATE

1. Actively seek internal feedback from staff related to financial crime prevention procedures
2. Actively research financial crime prevention procedures
3. Have a formalised periodic review process with documented findings
4. Work with other organisations (representative bodies or organisations facing similar risks) to review and improve procedures
5. Other (please specify) – **OE BOX** (INTERVIEWER READ OUT This can be anything that you think helps check if the formal policies and practical steps introduced to prevent the facilitation of tax evasion are working effectively
6. DON'T KNOW (DO NOT READ OUT)

MULTICODE

ASK IF REVIEW (CODE 1 AT REVIEW)**F3. PROPORTIONATE**

As part of your processes, do you review company procedures to assess whether they are proportionate to the risks of the facilitation of tax evasion your company faces?

1. Yes
2. No
3. DON'T KNOW (DO NOT READ OUT)

SINGLE CODE

ASK IF AWARE OF THE CHANGES (CODE 1 OR 2 AT KNOWLEDGE) AND IF REVIEW (CODE 1 AT REVIEW)**F4. MONITORIMPACT**

Can I check have these reviews been introduced specifically because of the changes brought in under the Criminal Finance Act 2017? IF YES CHECK IF WHOLLY OR PARTLY DUE TO ACT

1. Yes – wholly because of the Criminal Finance Act 2017
2. Yes – partly because of the Criminal Finance Act 2017
3. No
4. DON'T KNOW (DO NOT READ OUT)

SINGLE CODE

ASK ALL

F5. MONITORFUTURE

Does your business anticipate making any [IF CODE 1 AT REVIEW further] changes relating to monitoring and review processes regarding the facilitation of tax evasion in the next 12 months? IF YES CHECK IF WHOLLY OR PARTLY DUE TO ACT OR FOR OTHER REASONS

1. Yes – wholly because of changes brought in under the Criminal Finances Act 2017
2. Yes – partly because of changes brought in under the Criminal Finances Act 2017
3. Yes – but for reasons other than the Criminal Finance Act 2017
4. No
5. DON'T KNOW (DO NOT READ OUT)

SINGLE CODE

SECTION G: IMPACT OF CRIMINAL FINANCES ACT

READ OUT TO ALL

We would now like to ask some questions relating more generally to the changes or proposed changes made to your business relating to the Criminal Finances Act 2017.

ASK ALL

G1. IMPACT

How much do you agree or disagree that changes under the Criminal Finances Act 2017 will encourage businesses to put in place policies and procedures to prevent criminal facilitation of tax evasion?

INTERVIEWER ADD IF NECESSARY The Criminal Finances Act 2017 has created criminal liability for businesses who fail to prevent the facilitation of tax evasion by individuals or other businesses acting on their behalf.

READ OUT. REVERSE SCALE

1. Strongly agree
2. Tend to agree
3. Neither agree nor disagree
4. Tend to disagree
5. Strongly disagree
6. Don't know (DO NOT READ OUT)

SINGLE CODE

ASK IF AWARE OF THE CHANGES (CODE 1 OR 2 AT KNOWLEDGE)

G2. FACILITATE

To what extent [IF CODE 1 AT KNOWLEDGE have the following been a barrier of or facilitated; IF CODE 2 AT KNOWLEDGE will the following be a barrier of or facilitate] the implementation of procedures in relation to the Criminal Finances Act 2017 in your business?

INTERVIEWER ADD IF NECESSARY The Criminal Finances Act 2017 has created criminal liability for businesses who fail to prevent the facilitation of tax evasion by individuals or other businesses acting on their behalf.

READ OUT A TO G. ROTATE. READ OUT SCALE. REVERSE SCALE

	1. Major facilitator	2. Minor facilitator	3. Neither a facilitator nor a barrier	4. Minor barrier	5. Major barrier	6. Don't know (DO NOT READ OUT)
A. Finances and funding	1	2	3	4	5	6
B. Time and resource	1	2	3	4	5	6
C. Guidance and help from HMRC	1	2	3	4	5	6
D. Skillset within the business	1	2	3	4	5	6
E. Leadership buy in and top level commitment	1	2	3	4	5	6
F. Understanding of Criminal Finances Act 2017	1	2	3	4	5	6
G. Understanding of consequences of non-compliance with the Criminal Finances Act 2017	1	2	3	4	5	6

SINGLE CODE GRID

SECTION H: INTERNAL REVIEWS**ASK ALL****H1. INTERNALREVIEW**

Has your business conducted any internal reviews in relation to [IF AWARE OF ACT CODE 1 AT AWARE the Criminal Finance Act 2017; ALL OTHERS preventing the criminal facilitation of tax evasion]?

1. Yes
2. No
3. Don't know (DO NOT READ OUT)

SINGLE CODE

ASK ALL WHO HAVE CONDUCTED REVIEWS (CODE 1 AT INTERNALREVIEW)**H2. MISCONDUCT**

Has your business discovered any misconduct as a result of these reviews?

ADD IF NECESSARY: I would like to remind you that your answers will not be judged in anyway or passed on in a way that would identify yourself or your company.

1. Yes
2. No
3. Don't know (DO NOT READ OUT)

SINGLE CODE

ASK ALL WHOSAY YES TO MISCONDUCT (CODE 1 MISCONDUCT)**H3. REPORT**

Was this reported to anyone outside of your business, or not? IF YES ASK WHO who did you report it to?

DO NOT PROMPT

1. OPEN ENDED TEXT BOX
2. No, this was not reported to anyone outside of the business
3. Don't know (DO NOT READ OUT)

OPEN ENDED TEXT BOX

SECTION I: SELF REPORTING

ASK ALL

I1. SELFREPORT

Are you aware of the facility on the HMRC website to self-report a company or partnership that has facilitated criminal tax evasion?

INTERVIEWER ADD IF NECESSARY: A self-report of a company or partnership that has failed to prevent criminal facilitation of tax evasion can be made through a dedicated page on GOV.UK.

1. Yes
2. No
3. Don't know (DO NOT READ OUT)

SINGLE CODE

ASK IF AWARE OF SELF REPORTING PORTAL (CODE 1 AT SELFREPORT)

I2. SELFREPORTUSE

Which of the following best describes your business' use of the self-reporting portal?

INTERVIEWER ADD IF NECESSARY: A self-report of a company or partnership that has failed to prevent criminal facilitation of tax evasion can be made through a dedicated page on GOV.UK

INTERVIEWER ADD IF NECESSARY: I would like to remind you that your answers will not be judged in any way or passed on in a way that would identify yourself or your company.

READ OUT

1. I have never visited the self-reporting webpage, nor has any employee as far as I'm aware
2. I, or another employee, have visited the webpage, but have not self-reported
3. I, or another employee, have used the webpage or email portal to self-report
4. Don't know (DO NOT READ OUT)

SINGLE CODE

ASK IF AWARE OF SELF REPORTING PORTAL (CODE 1 AT SELFREPORT)

I3. SELFREPORTDETER

Has the potential impact of the consequences that self-reporting may have on your business deterred you from using the self-reporting webpage?

1. Yes
2. No
3. Don't know (DO NOT READ OUT)

SINGLE CODE

SECTION J: COUNTER PARTIES**ASK ALL****J1. COUNTER**

Do you currently require any counter parties such as sub-contractors, suppliers or customers to have or adhere to procedures related to preventing the facilitation of tax evasion?

1. Yes
2. No
3. Don't know (DO NOT READ OUT)

SINGLE CODE

ASK IF UNDERTAKEN RISK ASSESSMENT (CODE 1 AT RISK)**J2. RISKEEXIT**

Has your business stopped working with any sub-contractors, suppliers or customers or discontinued any services your business previously provided as a result of your risk assessment related to the facilitation of tax evasion?

1. Yes, stopped working with a sub-contractor, supplier or customer
2. Yes, discontinued a service that you previously provided
3. No
4. DON'T KNOW (DO NOT READ OUT)

MULTICODE 1 AND 2; SINGLE CODE 3 AND 4

SECTION K: CLOSING

ASK ALL

READ OUT: Finally, we would like to ask a few more questions to help classify your answers. Everything you say will be treated as confidential.

K0. PREMISES

Does the business operate from more than one site or premises?

1. Yes
2. No

SINGLE CODE

ASK ALL

K1. REGION

IF SINGLE SITE (CODE 2 AT PREMISES) Can I check your business is based in *<REGION FROM SAMPLE>?*

IF MULTI SITE (CODE 1 AT PREMISES) Can I check your headquarters are based in *<REGION FROM SAMPLE>?*

3. Yes
4. No

SINGLE CODE

ASK IF NO AT K2.REGION

K2. REGIONCHECK

IF SINGLE SITE (CODE 2 AT PREMISES) In what region are you based?

IF MULTI SITE (CODE 1 AT PREMISES) In what region is your headquarters based?

READ OUT IF NECESSARY

1. East Midlands
2. East of England
3. London
4. North East
5. North West
6. Northern Ireland
7. Scotland
8. South East (excluding London)
9. South West
10. Wales
11. West Midlands
12. Yorkshire & Humberside

SINGLE CODE

ASK ALL

K3. MULTINATIONAL

Does your organisation currently operate at any premises outside of the UK?

1. Yes
2. No
3. Don't know (DO NOT READ OUT)

SINGLE CODE

Thank you for taking the time to participate in this study. You can access the privacy notice here: [<link>](#) (if you have trouble accessing the link please copy and paste it into your browser). This explains the purposes for processing your personal data as well as your rights under data protection regulations to access your personal data, withdraw consent, object to processing of your personal data and other required information.