

Tax Evasion Procedure

Background

Under the [Criminal Finances Act 2017](#), Capital Sky Ltd could, in the event of a failure to prevent the facilitation of tax evasion, be subject to an unlimited fine and reputational damage. The offence arises where a third party commits tax evasion and an associated person criminally facilitates it, unless the Company can demonstrate it had reasonable prevention procedures in place.

Capital Sky Ltd aims to conduct its financial affairs in a law-abiding manner and does not tolerate either the commissioning or facilitation of tax evasion.

Capital Sky Ltd already have a range of policies, procedures and guidance that underpin its financial activities. This procedure forms part of Capital Sky's wider financial integrity, anti-fraud, anti-bribery and HMRC compliance framework. Capital Sky adopts a zero-tolerance approach to the facilitation of tax evasion in any form whether deliberate or reckless.

Prevention

To prevent tax evasion, Capital Sky Ltd requires staff and associates to:

- always follow Capital Sky Ltd policies, procedures and guidance
- tell management if any criminal activity is suspected
- attend any appropriate training offered

Specifically, staff and associates must not knowingly do anything that helps someone else evade tax.

All staff must report any suspicion of tax evasion or facilitation immediately to senior management.

Capital Sky Ltd will cooperate fully with HMRC and relevant authorities in any investigation relating to tax evasion or suspected facilitation. Concerns raised will be recorded and investigated in line with internal reporting procedures, with appropriate escalation where required.

The Law

Part 3 of the [Criminal Finances Act 2017](#) entered into force on 30th September 2017, and creates the corporate criminal offence of failure to prevent the facilitation of tax evasion.

Tax evasion is the illegal non-payment or under-payment of taxes, usually as the result of making a false declaration (or non-declaration) of taxes due to the relevant tax authorities, which results in legal penalties if the perpetrator is caught.

Tax avoidance, by contrast, is seeking to minimise the payment of taxes without deliberate deception.

This is often legitimate but is sometimes contrary to the spirit of the law, e.g., involving the exploitation of loopholes.

Importantly, the corporate offence applies only to the facilitation of tax evasion, not tax avoidance.

Defences

It is a defence under the [Criminal Finances Act 2017](#) if Capital Sky Ltd can demonstrate that it had in place reasonable prevention procedures, or that it was unreasonable in all the circumstances to expect such procedures. In line with HMRC guidance, Capital Sky's prevention framework is based on the following six principles:

- risk assessment
- the proportionality of risk-based prevention procedures

- top-level commitment
- due diligence
- communication (including training)
- monitoring and review

Obligations of Staff and Associates

Staff and associates are reminded that they are required at all times to abide by Capital Sky Ltd policies, procedures and guidance. Failure to comply with these policies, procedures and guidance, including in particular failure to comply with the obligations detailed in this policy, may result in disciplinary action for staff and the termination of arrangements with associates.

Risk Assessment

Capital Sky Ltd systems of control are designed to ensure regularity. Management is responsible for maintaining accurate risk assessments and for assessing, documenting and regularly reviewing risks arising from the “failure to prevent the facilitation of tax evasion” within established corporate and departmental risk management processes.

Due Diligence

Reasonable care and caution are exercised when processing all financial transactions, particularly high-value/high-risk payments. Regular monitoring is undertaken, and enhanced due diligence is applied when onboarding new suppliers or engaging in higher-risk transactions. Specific controls are maintained in relation to payments.

Communication and Training

All staff, especially those identified through the [Criminal Finances Act 2017](#) exposure assessment, will be made aware of this policy. Training will be developed for staff with the highest risk of exposure; this may include staff involved with procurement, invoice processing, BACS payments, Payroll & Pensions etc. Training will be provided through general awareness and the completion of specific online training modules.

Monitoring and Review

Management is responsible for maintaining accurate risk assessments, and Internal Audit provides independent assurance through periodic review of corporate and departmental risk registers, with particular focus on higher-risk areas. The Managing Director will review compliance to guidance materials through the processing of payments. Internal Audit will periodically review compliance with such processes.

This Policy will be subject to review every year and revisions will be reported. Senior management retains overall responsibility for compliance with this procedure.

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Dated: 15/05/2026

Signature:



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