Blyth Construction (SW) Ltd

Unit 1, Coombe Farm, Templeton, Tiverton, Devon. EX16 8BW

✆:01884 860637 :07818 566 757

✉: info@blythconstruction.co.uk www.blythconstruction.co.uk

Tax Evasion Policy Date: 22 March 2026

Review: March 2029 or earlier if required

Scope and Purpose

This procedure outlines Blyth Construction's measures to prevent the criminal facilitation of tax evasion by anyone acting for or on behalf of the company, including employees, directors, contractors, subcontractors, agents, consultants, joint-venture partners, and temporary staff. It follows the UK "failure to prevent" corporate offence framework and implements reasonable, proportionate, risk-based prevention procedures expected by HMRC.

1. Top-Level Commitment

- Blyth Construction's Board and senior leadership commit to zero tolerance of tax evasion and the facilitation of tax evasion.
- The Board will approve this policy and allocate sufficient resources for its effective implementation and oversight.

2. Risk Assessment (Construction-Specific)

A formal, documented risk assessment will be conducted annually and after major organisational or project changes. Key risk areas include:

- Subcontractor and supply-chain payments, use of cash, informal arrangements, and subcontractor selection processes.
- Off-payroll arrangements, umbrella companies, contractor payroll, and CIS (Construction Industry Scheme) reporting.
- Site-level petty cash, onsite material purchases, and "cash-in-hand" labour.
- Joint ventures, project-specific SPVs, and overseas partners or agents.
- Third-party introductions and brokered deals, including consultants securing work or suppliers.

Risk ratings and mitigation actions must be documented for each project and company function.

3. Due Diligence and Contractual Controls

- Apply proportionate due diligence when engaging any third party that could influence tax reporting or receive payments on behalf of the company. This includes identity checks, verification of tax status, compliance history, and financial checks where appropriate.

- Higher-risk third parties require enhanced due diligence and senior approval.

Contract Requirements

All subcontractor, supplier, consultant, and JV agreements must include clauses that:

- Require compliance with tax law and this anti-facilitation policy.
- Prohibit facilitation of tax evasion and require immediate notification of any tax-related risk.
- Grant Blyth Construction rights to audit, suspend payments, and terminate for breach.
- Include warranties regarding accurate invoicing, tax registration, and payroll/CIS compliance.

Payments

- Avoid cash payments where possible.
- Use traceable bank transfers.
- Require detailed invoices and, where applicable, evidence of labour declarations for CIS.

4. Policies, Procedures and Segregation of Duties

Maintain clear written procedures covering:

- Procurement, subcontractor onboarding, invoice approval, and payment authorisation.
- CIS reporting and verification of subcontractor status.
- Payroll and expenses processing, including checks for off-payroll or umbrella arrangements.
- Handling of cash, floats, and site payments, with limits and dual approval for any cash disbursement.

Segregation of duties must ensure no individual can both engage a supplier and approve large or unusual payments without oversight. Pre-payment approvals are required for new suppliers and unusual or offshore payment requests.

5. Communication and Training

- Provide tailored training for relevant roles (procurement, finance, site managers, project managers, HR, senior leadership). Training covers red flags, facilitation risks in construction, contractual controls, reporting channels, and disciplinary consequences.
- Training is refreshed annually and after major policy changes.
- The policy must be communicated across the business and included in induction packs for new hires and contractors.

6. Reporting Channels and Incident Response

- Maintain secure, confidential reporting channels, including anonymous options, with non-retaliation protections.

Incident Response Steps

1. Triage and record the report.
2. Protect evidence and, if necessary, suspend payments or access.

3. Investigate with finance, legal, and senior management involvement; escalate serious matters to the Board.

4. If criminal facilitation is suspected, consider notifying HMRC and co-operate fully with enquiries; take contractual or disciplinary action.

Maintain an incident register and provide regular summaries to the Board.

7. Monitoring, Review and Continuous Improvement

- Monitor effectiveness through periodic audits, compliance checks, project reviews, and targeted audits of high-risk suppliers and payments.
- KPIs include: due-diligence completion rates, training completion rates, number of red-flag incidents, audit findings, and remediation actions.
- Conduct an annual review of the risk assessment, controls, training, and this procedure, updating as required.

8. Record-Keeping

Retain records of risk assessments, due diligence, training attendance, contractual clauses, payment approvals, audit reports, and incident investigations for at least six years, or longer where required by law.

9. Practical Red Flags for Construction Staff

- Subcontractors insisting on cash payments or vague invoicing.
- Invoices with limited descriptions, missing paperwork, or rounded sums.
- Third parties refusing to provide tax registration or identity documents.
- Requests to route payments through unrelated third-party accounts or offshore entities.
- Sudden changes in employment status or unexplained use of umbrella companies.

Appendix A — Suggested Contractual Clause (Summary)

“Supplier warrants compliance with all applicable tax laws; must not facilitate tax evasion; must permit audits and notify Blyth Construction of any tax-related risk; breach entitles Blyth Construction to suspend payments and terminate.