

6CATS urges recruiters to make compliance a top priority as HMRC ramp up prosecutions

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As HMRC exceeds its criminal prosecution targets for the fifth year running, global contractor management firm, 6CATS International, has urged that recruitment firms make sure they have adequate compliance procedures in place or risk exposing themselves to heavy penalties.

Last year, the government launched 1,007 prosecutions against individuals in relation to tax evasion offences, beating its target of referring 1,000 cases to the Crown Prosecution Service for the year ended 31 March 2018. This is the fifth consecutive year that HMRC has beaten its goal, having reached it every year since 2013, and another indication of the sustained efforts that the tax authority has put in to collecting lost revenues.

Furthermore, this figure is likely to increase due to data received by HMRC relating to offshore accounts from jurisdictions such as Bermuda and the Cayman Islands, and the Criminal Finances Act 2017, which has enhanced HMRC's ability to hold businesses liable for the actions of employees and contractors.

The Revenue is also increasingly going after cases involving businesses in order to chase larger pay-offs. Last week, HMRC opened an investigation into ride-hailing app Uber over allegations that the company owes more than £1bn in unpaid UK tax. Reports from September suggested HMRC had opened 27 new serious tax evasion cases into some of the UK's top businesses.

Michelle Reilly, CEO of 6CATS, commented on the latest figures, stating:

"These latest figures once again confirm the notion that tax is becoming stricter across UK, and the rest of the world. With the likes of the Criminal Finances Act 2017, Common Reporting Standard and innovative tax technology, compliance is becoming much more complex wherever you choose to work. However, this is no excuse for any complacency over these matters."

"By overlooking compliance, recruitment companies are putting their business, brand, candidates and end clients at risk of punishment. Tax laws in the UK are very strict, as we all know, and any recruitment businesses working internationally must remember that the non-compliant actions of anyone associated with them, contractors included, could lead to them being punished back home."

"Therefore, it's imperative that all recruitment companies make sure they have adequate procedures in place which can prevent any instances of non-compliant behaviour happening, and to serve as a legal defence in the event that a contractor associated with them breaks the law."

ENDS

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