



Failure to prevent facilitation of tax evasion – Risk Assessment (short version)

This document is a shorter version of the main risk assessment template. It can be used by asset managers and would be suitable for most portfolio companies. This template is not a “model” and has not been approved or endorsed by HMRC. Equally, it is not intended to provide advice and is not a substitute for professional advice. It is simply a tool to assist BVCA members and must be viewed in conjunction with other BVCA materials available on the [website](#) and each member’s circumstances.

1. COUNTRY RISK

Question	Response
A) Does the company have any significant business or operations (including suppliers) in high risk territories?	
i. Andorra	
ii. Anguila	
iii. Antigua and Barbuda	
iv. Costa Rica	
v. Curacao	
vi. Dominica	
vii. Dominican Republic	
viii. Federal States of Micronesia	
ix. Guatemala	
x. Indonesia	
xi. Kazakhstan	
xii. Marshall Islands	
xiii. Panama	
xiv. Samoa	
xv. Sint Maaren	



xvi. Trinidad and Tobago	
xvii. Turkey	
xviii. The UAE	
B) Does the business have any dealings with associates that operate in high risk jurisdictions?	

2. SECTOR/PRODUCT RISK

Question	Response
A) Does the company operate in any high risk sectors?	
i. Financial services	
ii. Tax advisory services	
iii. Legal services	
iv. Private wealth management	
v. Fiduciaries	
vi. Trusts	
vii. Company service providers	
viii. Corporate director services	
ix. Corporate infrastructure providers	
B) Does the company offer high-risk products?	
i. Tax structuring products	
ii. Private banking	
iii. Tax planning advice	



iv. Fuel	
v. Alcohol	
vi. Cigarettes	
vii. Services often provided in return for cash payments (e.g. cleaning in the home)	
C) Does the company have any dealings with associates in high-risk sectors or who offer high-risk products?	

3. TRANSACTION RISK

Question	Response
A) Is the company likely to be involved in any transactions with any high-risk hallmarks?	
i. Highly complex tax planning arrangements	
ii. Unusually high levels of secrecy (beyond typical commercial confidentiality)	
iii. Extensive dealings with politically exposed persons	
iv. Particularly high value transactions where there is a lot at stake	
v. Multi-jurisdictional transactions, particularly those involving persons resident in jurisdictions with a low tax transparency rating	
vi. Overly complex supply chains which include many third party contractors, agents or intermediaries	



vii.	Cash transactions and cash intensive businesses	
viii.	Transactions not at usual market prices or with unusual features	
ix.	Transactions that do not have a clear and obvious commercial objective	
x.	Transactions involving legal persons or arrangements that are personal asset holding vehicles	
xi.	Non face-to-face business relationships	
B)	Which parts of the business have authority or responsibility in relation to such transactions?	
C)	Does the company have any dealings with associates who might be involved in high risk transactions?	

4. HOW MUCH OF THE COMPANY’S BUSINESS INVOLVES EXTERNAL ASSOCIATES?

Question	Response
A) Considering the answers given to the questions posed above, are there any areas of the business that have particular exposure to high risk associates?	
B) Considering the development plans for the business, are there any areas of the business that are likely to develop particular exposure to high risk associates in the future?	
C) As far as you are aware, have any of the company’s associates been subject to market rumours or adverse press comment of inappropriate tax dealings?	

5. HOW MUCH OF THE COMPANY’S BUSINESS USES “BACK OFFICE” ASSOCIATES?

Question	Response
A) Considering the questions posed above, to what extent are any “back office” suppliers to the company (e.g. payroll providers, corporate director services, cleaning contractors, caterers) likely to be high risk?	
B) Considering the development plans for the business, are there any parts of the business that are likely to develop exposure to high risk back office suppliers in the future?	
C) As far as you are aware, have any of the company’s back office suppliers been subject to market rumours or adverse press comment of inappropriate tax dealings?	

6. ORGANISATIONAL AND STRUCTURE

Question	Response
A) Considering the responses to the questions set out above, who within the company has the means, motive and opportunity to facilitate tax evasion? <i>(HMRC guidance requires you to “sit at the desk of your employees” and consider what opportunities they may have to facilitate tax evasion).</i>	
B) Is there a risk that the company’s current remuneration and bonus policies could be regarded as incentivising undue risk taking or involvement in facilitation of tax evasion activity (e.g. at the request of a client)?	
C) Which employees in the company work most closely with third party associates? Who would be best placed to provide information about those associates?	



D) Where in the organisation should responsibility sit for developing reasonable prevention procedures?	
E) Who at board/senior management level will take overall responsibility for ensuring the development of the policy, implementation of procedures and ongoing compliance?	