MAY 2016

CI COMMERCIAL INSURANCE PROFILE

DID YOU KNOW?

The EU loses up to €70 billion (£56 billion) every year due to corporate tax avoidance, according to the European Parliament. Both the UK and EU governments are cracking down on corporate tax avoidance and ushering in new tax transparency measures in light of recent headlines. Keep reading for more information on the latest anti-tax dodging measures for businesses.

IN THIS ISSUE

Crendon Insurance Brokers

Panama Papers Usher in Anti-tax Dodging Measures for Businesses

The Panama Papers are a collection of 11.5 million documents that provide information—including the identities of shareholders and directors—for more than 214,000 dubious offshore companies listed by the Panamanian law firm, Mossack Fonseca. The information in these documents is concerning, since an offshore company, sometimes called a 'tax haven', can help investors deposit large sums of money that is exempt from taxes. HM Revenue & Customs (HMRC) has already begun investigating 700 current leads exposed by the documents.

In response to the Panama Papers, Prime Minister David Cameron has established a new taskforce to find and punish offshore tax dodgers. The taskforce will be jointly led by HMRC and the National Crime Agency, and will be comprised of investigators, compliance specialists and analysts. With sophisticated technology, the taskforce will launch a campaign against money laundering and tax evasion. To help support the investigation, Cameron provided the taskforce with an initial £10 million, with the potential for more if needed.

Coincidentally, before the release of the Panama Papers, the EU already planned to propose new regulations that would require multinational firms with an annual turnover of at least £600 million to disclose where they make their profits, where they pay their taxes in the EU on a country-by-country basis, and the total taxes they pay outside of the EU.

The new proposed EU regulations, announced on 12th April, complement the 'Large Business Tax Strategy', which was announced in the Summer Budget 2015. Under this strategy, companies with an annual revenue of at least £200 million, or those with a balance sheet of more than £2 billion, are required to publish their tax strategies on the internet. However, the Large Business Tax Strategy will most likely not come into force until sometime in early 2017.

These regulations, paired with the fallout from the Panama Papers, emphasise the importance for companies to remain wholly transparent in their business operations—lest they want to be exposed to fines and loss of credibility.

Higher Fines Are Here: Review Your Fleet Cover

Employers are urged to ensure their fleet cover is robust enough in light of tough new sentencing guidelines. The new guidelines, which came into effect on 1st February, usher in substantially higher fines for corporate manslaughter and health and safety offences. Courts now have the authority to fine companies up to £20 million for corporate manslaughter, and up to £10 million for health and safety breaches. And, for companies with motor fleets, each driver on the road represents the possibility of your business being hit with a huge fine under the new guidelines. Therefore, employers with fleets should review their cover to ensure their policy limits can cover the new fine amounts.

While these new guidelines affect all businesses, they could potentially have a greater impact on businesses with fleets: Business drivers have collision rates that are 30-40 per cent higher than those of private drivers, according to Driving for Better Business. Those higher collision rates, coupled with higher fines, means that companies with fleets or that allow their employees to drive personal vehicles for work could be held responsible for accidents and subsequently served with a crippling fine.

To ensure that your business can protect drivers and handle higher fines, follow this guidance:

- Develop a safe driver programme. This should include skills such as defensive driving and how to safely drive in inclement weather. In addition, all drivers should attend the programme annually.
- Have each of your vehicles serviced at least every 10,000 kilometres. This ensures that your employees will be safe behind the wheel and it prolongs the life of the vehicle. In addition, keep detailed records of any work that has been done to a vehicle.
- If your company permits your employees to drive their own vehicle for work purposes, make sure that employees' vehicles meet specific safety requirements before they are allowed to begin driving.

Contact Crendon Insurance Brokers Ltd to identify gaps in your fleet cover and learn best practices for keeping your fleet safe and compliant.

Creating Resilient Supply Chains in an Era of Transparency

In an age when corporate transparency is vital, companies of all sizes should scrutinise their supply chains, especially when they cross national borders. Businesses with supply chains that stretch into emerging markets are specifically vulnerable, as different regulations and sheer distance can easily interrupt supply. But the risks posed by supply chains that dip into emerging markets are not going away—indeed, by 2025 almost half of the world's biggest companies will probably be based in emerging markets, according to the McKinsey Global Institute.

Will your supply chain stand up to scrutiny under new guidelines that stress harsher penalties and more transparency? To help your company review the resiliency of its supply chains, follow these three simple steps:

1. **Identify suppliers.** Complete a thorough review of your business operations and identify each of your suppliers—no matter how small. For each supplier, outline what goods or services it provides, the delivery timetable, the average cost and where it is based. Use this data to compare alternative suppliers and identify potential risks.
2. **Conduct a risk assessment.** Complete a risk assessment for each supplier. This evaluation should identify what risks the supplier may be exposed to and how those risks could impact you.
3. **Establish loss prevention processes.** For each of the identified risks, develop a programme to address the issue. This may require your company to find an alternative supplier if one of your established suppliers supports illegal business practices or its operations could negatively impact your company or cause a supply disruption.

In addition to the guidance outlined above, it is crucial that you develop a rapport with your suppliers to establish a more beneficial relationship and to keep abreast of potential risks.

Can Your Fleet Afford New, Higher Fines?

Source: Driving For Better Business