

London School of Economics and Political Science

Criminal Finances Act Statement

Introduction

This statement applies to London School of Economics and Political Science (the School) and its subsidiary entities in accordance with Part 3 of the *Criminal Finances Act 2017* (the “CFA 2017”), concerning corporate offences of failure to prevent the facilitation of tax evasion by associated persons. A list of the subsidiaries to which it applies is included below. In this statement, references to the “Group” are to the London School of Economics and Political Science and all those entities so listed.

The Group is firmly committed to a zero-tolerance approach to the facilitation of tax evasion. This statement sets out the measures the School has implemented and continues to implement to prevent such practices.

The School’s Structure and Activities

The London School of Economics and Political Science (LSE) is a world-leading university specialising in social sciences, committed to addressing critical societal challenges through research, education, and public engagement. Governed by the Council and supported by the Academic Board, and the School Management Committee (SMC), LSE operates within a robust framework of governance and accountability.

LSE’s academic structure comprises Departments, Institutes, and Centres focused on a range of social science disciplines, with a strong emphasis on interdisciplinary research.

The School engages in diverse procurement activities, sourcing goods and services such as office supplies, IT equipment, travel services, and academic resources, in accordance with public procurement law and ethical standards. Recognising the risks of facilitation of tax evasion within global supply chains, LSE applies stringent ethical standards and conducts due diligence to ensure responsible practices across all procurement and partnership arrangements.

The Legislation:

The *Criminal Finances Act 2017* (CFA 2017) introduces corporate criminal liability for organisations that fail to prevent associated persons—such as employees, contractors, or agents—from criminally facilitating tax evasion. This legislation applies to both UK tax evasion (Section 45) and foreign tax evasion (Section 46) when the organisation benefits from the offense.

Under the CFA 2017, liability arises if:

1. **Stage One:** A taxpayer commits criminal tax evasion.
2. **Stage Two:** An associated person of the organisation criminally facilitates the tax evasion while acting in their capacity for the organisation.
3. **Stage Three:** The organisation failed to implement reasonable prevention procedures to stop the facilitation.

Associated persons, broadly defined, include any individuals or entities acting on behalf of the organisation. LSE could be held liable for their actions even if unaware of the facilitation, exposing the institution to significant fines, reputational damage, and regulatory scrutiny.

Our Commitment:

The London School of Economics and Political Science (LSE) is committed to ethical conduct and integrity in all its operations. We actively work to identify, prevent, and address malpractice, including the facilitation of tax evasion, by:

Adhering to Our Tax Principles: LSE’s Tax Principles, which underpin our Tax Strategy, emphasise we compliance with all applicable laws and regulations in the countries where we operate. We are committed to making full and timely disclosures in all tax returns, reports, and documents submitted to tax authorities.

Operating Within the SAO Regime: Under the Senior Accounting Officer (SAO) legislation, qualifying companies like the LSE are required to take reasonable steps to ensure that the financial systems and internal procedures are fit for the purpose of reporting taxes.

Encouraging Reporting Through the Whistleblowing Policy: The School’s Whistleblowing Policy provides a safe mechanism for staff to report improper conduct, ensuring protection for those raising concerns and supporting an open and transparent culture.

Implementing Supporting Policies: LSE upholds complementary policies, including the Conflict of Interest Policy, and Anti-Bribery and Corruption Policy, to reinforce accountability and transparency across its operations.

Six Guiding Principles:

LSE adopts a defence framework aligned with the Criminal Finances Act 2017 (CFA 2017), demonstrating the presence of reasonable prevention procedures to mitigate the risk of facilitating tax evasion. This framework is informed by HMRC's six guiding principles:

- Commitment to Compliance - The School is committed to full compliance with the Criminal Finances Act 2017, ensuring that all operations and associated parties adhere to the legal standards prohibiting tax evasion facilitation.
- Risk Assessment and Due Diligence – The School will regularly assess and identify potential risks of tax evasion across all areas, including partnerships, procurement, and third-party relationships. Due diligence will be conducted on associated persons and entities to reduce exposure to tax evasion risks.
- Policies and Procedures - Policies addressing tax compliance and anti-facilitation measures will be clearly outlined and accessible to all relevant staff, partners, and stakeholders. These policies will set expectations and guidelines to ensure compliance with the Act.
- Communication - Communication (including training where appropriate) to relevant employees and third parties to ensure procedures are embedded and understood.
- Transparent Reporting and Escalation - Any concerns or potential breaches related to tax evasion will be promptly reported through established channels. The university will ensure that employees and associates can report issues without fear of reprisal, supporting transparency and accountability.

Through this framework, LSE demonstrates its commitment to preventing the facilitation of tax evasion and complying with the requirements of the CFA 2017.

List of the entities to which this document applies:

London School of Economics and Political Science
LSE Enterprise Ltd
LSE GGR Holding Company Limited
LSE GGR Intermediate Company Limited
LSE Lets Ltd (Dormant)

This document was approved by the Finance Management Board on 3 December 2024