



Cabinet Office





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Introduction

Introducing the Companies House/HMRC/Insolvency Service Data Pilot

Where we were

Where did we want to be?

How did we get there and reach our goal?



The starting position

HMRC took bulk open data from Companies House ... but could not communicate issues in return

Legislation in place prevented this

Allowed fraudsters to take advantage

Unable to quantify the potential problem due to lack of sharing

So how could this be solved?



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Looking for a solution

Meeting up with Cabinet Office Data Pilot team

Identifying that boundaries could be changed through use of Digital Economy Act (DEA)

DEA meant that current sharing protocols could be challenged



What did the DEA mean for us?

DEA came into force July '18 – but we could start planning a pilot long before this

Enabled cross-gov sharing for purposes of fraud and error – even where previously unshareable

Gave us the opportunity to think outside of the existing boundaries

This Pilot was the first to use the DEA powers – so we broke legal ground with our work



What were our next steps?

We scoped out areas where we:

Had seen issues where using “matching” could help, or,

Suspected that there were problems that could be identified through this matching

We looked at reasonable assumptions

Considered what we wanted to achieve



Running the Pilot

Initial 6 months, extension of further 6 months

Used workstreams that were agreed

Were agile in how we worked –

What was going well?

How could outputs be improved?

Active review of work

Weekly calls

Brought Insolvency Service on board after 6 months for further enforcement options



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Results and next steps

One word to describe the results..... SPECTACULAR!

Success followed by work going into business as usual

Permanent collaboration



HMRC/Companies House Project since September 2018

- Proof of concept project to exchange information purposes of identifying Fraud under the Digital Economy Act led by Cabinet Office
- Using HMRC data and profiling tools to identify cases of potential interest to Companies House and HMRC
- Exploiting differences in the information received from companies by HMRC and Companies House



A sketch from my early days in HMRC

In the Beginning there was Manual Screening of
Accounts and Returns and Third Party Information (TPI)

Carried out by Local Offices

Difficult to replicate

Impossible to replicate at a National Level

This was paper based

Inefficient & Inconsistent

Needed a change to Computerised Data handling and
Profiling





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What they
told
Company's
House

What they
told HMRC

Spot the difference - same company, same accounts sent to
HMRC and Company's house saying two different things

Remuneration trust

By a Deed dated 8 June 2015 the company established a Remuneration Trust. During the accounting period the company gifted £125,000 to the Trust. No taxation liability arose to the company as a result of such transaction.

HMRC Accounts all reference to a remuneration trust is removed or CLEANED OUT!

Client entertaining costs	(1,995)
Cleaning costs	(125,000)
Depreciation of tangible fixed assets	<u>(4,429)</u>

That's why we need a tool that we could point at both data sets



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Illuminate



What the CT Specialist sees – extract from the very last page of accounts for Aqua Eructo PLC (anonymised holding company)

Sales of services to related party were on the company's normal trading terms.

No guarantees have been given or received. No amounts have been written-off during the year (2011: £nil).

22. Ultimate parent undertaking and controlling party

The company's immediate parent undertaking is Aqua Eructo South PLC, a company incorporated in England and Wales.

In the directors' opinion, the company's ultimate parent undertaking and controlling party is Aqua Eructo Group PLC, a company incorporated in England and Wales.

The smallest group in which the results of the company are consolidated is that headed by Aqua Eructo PLC. The consolidated accounts of this group are available to the public and may be obtained from: The Company Secretary, Aqua Eructo PLC, Riddle House, Hangleton Mere Business Park

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- This is what a human sees if they have the accounts in front of them – this works fine but not on a bulk scale!



What the computer sees (XHTML from highlighted section only)

```
ent;0in;mso-pagination:none"><span style="font-size:10.0pt;mso-bidi-font-size:12.0pt;font-family:&quot;Times New Roman&quot;,&quot;serif&quot;">In the directors' opinion, the company's <span style="background:&#D;&#A; white;mso-highlight:white">ultimate parent undertaking and controlling party</span><ix:tuple name="ns4:UltimateParentEntityOrControllingPartyGrouping" tupleID="_I580030825"></ix:tuple>  
is<span style="mso-spacerun:yes"> </span><span><ix:nonNumeric name="ns4:NameControllingParty" contextRef="CY_PERIOD" tupleRef="_I580030825" order="1"><span style="background:white;mso-highlight:white">Aqua Eructo Group PLC</span></ix:nonNumeric></span>, a company incorporated in England and Wales.<span style="mso-spacerun:yes"> </span></span></p>  
<p class="HsoNormal" style="margin-top:2.0pt;text-align:justify;mso-pagination:&#D;&#A;none;tab-stops:.,5in 0in"><span>The <span style="background:white;mso-highlight:white">smallest</span><ix:tuple name="ns4:ParentSmallestGroupInwhichResultsAreConsolidatedGrouping" tupleID="_I3893979826"></ix:tuple> group in which the results of the company are consolidated is that headed by<span style="mso-spacerun:yes"> </span><span><ix:nonNumeric name="ns4:NameParentSmallestGroupInwhichResultsAreConsolidated" contextRef="CY_PERIOD" tupleRef="_I3893979826" order="1"><span style="background:white;mso-highlight:white">Aqua Eructo PLC</span></ix:nonNumeric></span>. <span style="mso-spacerun:yes"> </span>The consolidated accounts of this group are available to the public and may be obtained from: The Company Secretary, Aqua Eructo PLC, Riddle House, Hangleton Mere Business Park<span style="mso-spacerun:yes"> </span></span></p>  
<p class="Table4Heading" style="margin-top:2.0pt;margin-right:0in;margin-bottom:&#D;&#A;5.0pt;margin-left:0in;text-align:justify;line-height:normal;mso-pagination:&#D;&#A;none;mso-list:skip;tab-stops:right 2.5in 3.25in 297.0pt 5.0in 425.25pt 6.0in;&#D;&#A;mso-layout-grid-align:auto;punctuation-wrap:hanging;text-autospace:ideograph-numeric ideograph-other:&#D;&#A;mso-vertical-align-alt:auto"><span style="mso-bidi-font-size:12.0pt;&#D;&#A;font-style:normal">The <span style="background:white;mso-highlight:&#D;&#A; white">largest</span><ix:tuple name="ns4:ParentLargestGroupInwhichResultsAreConsolidatedGrouping" tupleID="_I2284296150"></ix:tuple> group in which the results of the company are consolidated is that headed by<span style="mso-spacerun:yes"> </span><span><ix:nonNumeric name="ns4:NameParentLargestGroupInwhichResultsAreConsolidated" contextRef="CY_PERIOD" tupleRef="_I2284296150" order="1"><span style="background:white;mso-highlight:white">Aqua Eructo Group PLC</span></ix:nonNumeric></span>. <span style="mso-spacerun:yes"> </span>The consolidated accounts of this group are available to the public and may be obtained from: The Company Secretary, Aqua Eructo Group PLC, Riddle
```

- A jumble of XBRL tags, html and the wording in the documents. Our text matching tool needs to be clever enough to avoid the html and tagging information.
- If we wanted to search all this for the word “span”, we’d get everything. Tool needs to be smart



If a text searching tool can't distinguish between these it will find phrases that have been tagged and fail to add any value to the risk assessment process.

What Illuminate sees – it is able to distinguish between tagged and untagged data, and focus in on the yellow area, which is what we are interested in.

Green = XBRL tagged data
Not highlighted = format information that we don't care about
Yellow = the wording of the document, and what Illuminate allows us to do proximity word searches within



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Illuminate run video

Welcome to



Illuminate



- Corporate Returns
- Companies House**
- Self Assessment Attachments

Illuminate

Your recent searches

Date	Type	User	Status	Results	Search
2018-01-10 14:27	CC	John, Jay (2017-18) Properties & Profitshare	Open Submitted	1	CC - Companies House search
2018-01-10 14:27	CC	John, Jay (2017-18) Properties & Profitshare	Open Submitted	1	CC - Companies House search
2018-01-10 14:27	CC	John, Jay (2017-18) Properties & Profitshare	Open Submitted	20	CC - Companies House search
2018-01-10 14:27	CC	John, Jay (2017-18) Properties & Profitshare	Open Submitted	1	CC - Companies House search
2018-01-10 14:27	CC	John, Jay (2017-18) Properties & Profitshare	Open Submitted	1	CC - Companies House search
2018-01-10 14:27	CC	John, Jay (2017-18) Properties & Profitshare	Open Submitted	1	CC - Companies House search
2018-01-10 14:27	CC	John, Jay (2017-18) Properties & Profitshare	Open Submitted	20	CC - Companies House search
2018-01-10 14:27	CC	John, Jay (2017-18) Properties & Profitshare	Open Submitted	1	CC - Companies House search
2018-01-10 14:27	CC	John, Jay (2017-18) Properties & Profitshare	Open Submitted	1	CC - Companies House search
2018-01-10 14:27	CC	John, Jay (2017-18) Properties & Profitshare	Open Submitted	1	CC - Companies House search



Companies House Accounts search

Query filter...

Query builder

Sort query

Query builder

Search for a field

Select a field to add additional filters to your query

Search



Companies House Accounts search

Query builder Save query

Query filter...

Query builder

Search for a field

Select a field to add additional filters to your query

All fields

remuneration trust

Search



Show/hide search...

22

402 search results



Companies House Accounts search

Query filter...

Query builder

Solve query

Query builder

Search for a field

Select a field to add additional filters to your query.

Proximity words in order?

All fields

X

remuneration trust

-

+

?

Words proximity

20

Search



Illuminate



[Show/hide search...](#)



[Show/hide search...](#)



Matches
remuneration_trust



What's new in the new 2020-2021 tax year

Home News News Other News

What's new in the new 2020-2021 tax year

1 January 2020

1 Jan

1 Jan

1 January 2020

1 January 2020

1 January 2020

1 January 2020

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1 January 2020

1 January 2020

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1 January 2020

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1 January 2020

to customers and work carried out in respect of services provided to customers, **Remuneration Trust**

During the accounting period the company established by Deed a **Remuneration Trust** and made a contribution

Matches

remuneration trust



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Export results



Max result count

Large data sets may take longer and increase load on the server.

Excel password

Optionally choose an Excel password.

Export



Illuminate



...the lower of cost and net realisable value. **Remuneration trust** During the year ended 31.12.2013, the company established a **Remuneration Trust**. During the accounting period the company contributed ... and are acting upon legal advice with regards to the contributions made to the **remuneration trust** as per years. ♦♦♦♦ The directors have obtained independent legal advice that the **Remuneration Trust** contributions made should not be regarded as earnings and have appeared in the **Remuneration Trust** contributions made should not be regarded as earnings and have appeared in the ...

...at the lower of cost and net realisable value. **Remuneration trust** During the year ended 31.12.2015 529 1 CAPITAL AND RESERVES 529 1 Notes 1. **Remuneration Trust** By a deed dated 09.12.2014 the company established a **Remuneration Trust**. During the accounting period the company contributed £44,000 and are acting upon legal advice with regards to the contributions made to the **remuneration trust** as follows years. The directors have obtained independent legal advice that the **Remuneration Trust** EXPENSES The company made a contribution in the accounting period to a **remuneration trust** in the amount of £44,000. The directors have obtained independent legal advice that the **Remuneration Trust** contributions made should not be regarded as earnings. The directors have obtained legal advice with regards to the contributions made to the **remuneration trust** as disclosed in Note 23.3 Revenue An analysis of the company's revenue is as follows: 2016 2015 Contributions made to the **remuneration trust** as disclosed in Note 25. Key sources of estimation uncertainty: **Remuneration Trust** contributions made should not be regarded as earnings and have been recognised as an expense.



Thank you for listening!



**For more information about Illuminate,
please speak to the presenter
of this video.**



Areas Covered by Project

- Avoidance disclosures in CH accounts, not disclosed to HMRC
 - Dividends disclosed in CH accounts not to HMRC
- Dormant accounts filed at CH, trading accounts with HMRC or vice versa
 - Estimated/provisional figures at CH, not HMRC
 - Fictitious accounts filed at CH
 - Differences in figures between CH and HMRC accounts
- Incorrect accounts filed e.g. incorrect regime/out of date accounting standards
- Abuse of Employment Allowance and VAT Flat Rate Scheme (Mini Umbrella Companies) 17,116



Results / statistics

- 7 new avoidances cases identified re disclosures in CH accounts only (5 were LLPs) with tax at risk of £1.75m
- 101 companies disclosed dividends to CH not to HMRC.
- 133 companies filing dormant accounts at CH when clearly not dormant (31 March 2017 period end only)
- 295 companies with estimated figures in CH accounts did not submit final figures – compared with HMRC
- 7 fictitious sets of accounts identified plus 4 HMRC ghosts
- 435 companies different figures for accounts signed on same day.
- Over 3,500 companies submitting accounts under an incorrect regime or using out of date accounting standards.

Dormant HMRC trading Company's house

This company was dormant for quite a few years. Started trading in 2016 per accounts for the period ended 31 December 2016. The company was profitable. Turnover of just over £1m. No company tax returns filed with HMRC. The accounts are incorrectly prepared under the FRSSE rather than New UK GAAP. This company does appear to be genuine - it just hasn't filed any returns with HMRC. Need to look into further and get a determination issued etc. The sole shareholder, Malcom X, has not filed any personal tax returns with HMRC. His UTR is xxxxxxxx. The company UTR is xxxxxxxx. The company is registered for VAT - email yes there was one. VRN - xxxxxxx. Missing trader in Manchester i.e. hasn't sent in any recent VAT returns.

Company UTR - xxxxxxxx - The company was incorporated in 2008 and began trading in 2012 after an existing partnership was incorporated. It has filed profitable accounts to CH up until 2016. It had a P&L reserve of £700k at 31/05/2016 and owed an estimated £150k of corporation tax. No company returns have been filed with HMRC. I could not trace the main director (Noel G) on SA (no personal tax returns filed). Per ICE, he is on the electoral roll at an address in Ambulance street, London. Need to trace the VAT and PAYE records for the company. This does appear to be a genuine company. Was registered for VAT, now deregistered. The VRN is xxxxxxx. VAT did do a visit (FIS) which resulted in the deregistration.

This does appear to be a valid company (it has a website etc). However, it hasn't filed any CT returns and hasn't got an agent/accountant. It is registered for VAT and hasn't submitted recent returns - submitted a few nil returns. VRN xxxxxxx. This company needs to be looked into as it does owe CT.

This does appear to be a valid company. It doesn't appear to be registered for VAT - no trace on Vision or EF. The UTR is xxxxxxxx. No CT returns received (one overdue). No agent per CoTax, although there is an Accountants report in the accounts filed at Companies House. There is a PAYE scheme - Ref xxxxxx. I traced the director on SA - UTR xxxxxxxx. He has filed SA returns, however the 2017 return does not mention the company and has hardly any income shown. what is he living on? The main director previously ran a non-incorporated business, also repairing machinery, which I assume has now been incorporated. However, there was no Entrepreneurs relief claimed on the return. Also, the agent acting for the director in SA trees and Co) was also the agent who signed the Accountants report in the Companies House accounts. Why didn't the agent ensure that a company return was filed with HMRC? This case needs to be looked at in more detail.

Net asset Differences

Both the CH and HMRC accounts were approved on the same day (20 March 2017) but contain different figures. The CH accounts includes £914k of work in progress that is not shown in the HMRC accounts. This is the reason for the lower profits shown in the HMRC accounts. An R&D claim has also been made, and a tax credit payment given to the company. This case needs to be looked at in more detail by HMRC and an enquiry opened. NB No accountants are mentioned in either set of accounts.

Both the HMRC and CH accounts were approved on the same day (31 May 2018), by the same director. They were also filed at CH and HMRC on 31 May 2018. However, the figures are different. The HMRC net assets/profits are £34,500 higher than the CH figures. Therefore, the director is definitely acting fraudulently, as there is unlikely to be any mistake in the date the accounts were signed. There is a signed accountants report in both sets of accounts. I noted that the HMRC accounts still had the word 'Draft' included in them, however, it is unlikely that they were draft as they had been signed and approved.

Interesting case. Accounts were signed and submitted on different dates, however, figures are very different. The HMRC accounts show a much lower debtors figure, and also show an overdrawn directors loan account not shown in the CH accounts. Also the CH accounts disclose that a large dividend (over £600k) has been paid to the shareholder - this is not disclosed in the HMRC accounts. The difference appears to relate to a bad debt of over £800k that was written off in the HMRC accounts and not the CH accounts (this was added back for tax purposes). The sole Shareholder is SA return he has only disclosed dividends of £406k. This needs to be looked into.

The CH accounts net assets and P&L reserve figure is £292k lower than the HMRC figure. Both sets of accounts have been approved by the director on the same day. Also, both sets of accounts have a signed accountants report. The firm of accountants XXXXXXX accountants. They refer to themselves as Chartered Accountants. On 7 November 2018 an amended set of accounts were filed at CH, showing the same figures as the HMRC accounts (they also had the same date of approval as the original accounts). The original accounts were filed on 22 December 2017 at CH. Why would the company wait over 10 months to file amended accounts at CH? and why would these accounts still have the same approval date as the original accounts?

Extract from CH accounts

	<i>Notes</i>	2017	2016
		£	£
Fixed assets			
Intangible assets:		0	0
Tangible assets:	2	34,100	40,161
Investments:		0	0
Total fixed assets:		34,100	40,161
Current assets			
Stocks:		27,007	19,396
Debtors:		65,773	54,568
Cash at bank and in hand:		831,435	826,242
Investments:		0	0
Total current assets:		924,215	900,206
Creditors: amounts falling due within one year:		(232,935)	(253,211)
Net current assets (liabilities):		691,280	646,995
Total assets less current liabilities:		725,380	687,156
Creditors: amounts falling due after more than one year:		0	0
Provision for liabilities:		0	0
Total net assets (liabilities):		725,380	687,156
Capital and reserves			
Called up share capital:		10	10
Share premium account:		0	0
Other reserves:		0	0
Profit and loss account:		725,370	687,146
Shareholders funds:		725,380	687,156



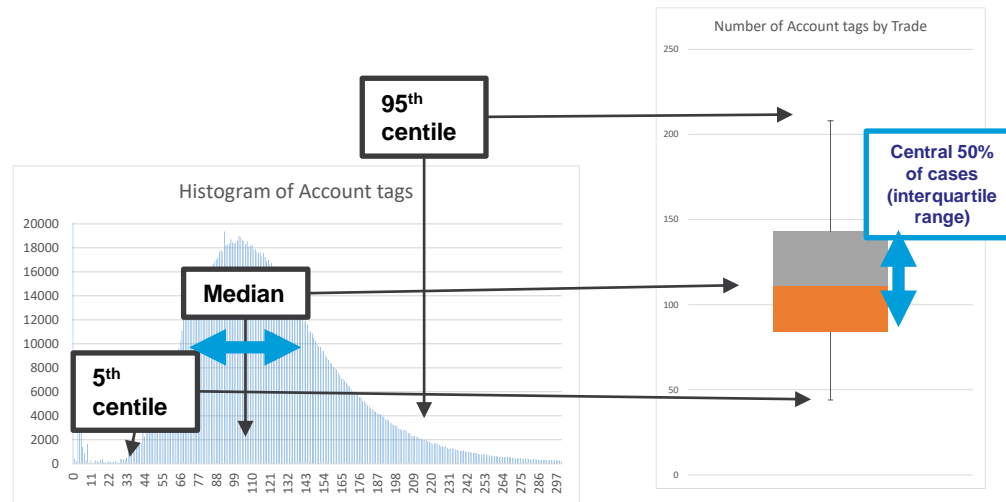
Extract from HMRC accounts same company same year submitted same day

		2017		2016	
	Note	£	£	£	£
Fixed assets					
Tangible assets	5	34,100		40,162	
		—	34,100	—	40,162
Current assets					
Stocks		27,007		19,396	
Debtors	6	65,773		54,568	
Cash at bank and in hand		241,526		236,031	
		—	334,306	—	309,995
Creditors: amounts falling due					
within one year	7	-232,935		-253,211	
		—		—	
Net current assets			101,371		56,784
Total assets less current liabilities			135,471		96,946
Net assets			135,471		96,946
Capital and reserves					
Called up share capital			10		10
Profit and loss account			725,370		687,147
			—		—
Shareholders funds			725,380		687,157
			—		—
Suspense account			-589,909		-590,211
			—		—
			135,471		96,946

Dividends Company's house accounts not HMRC

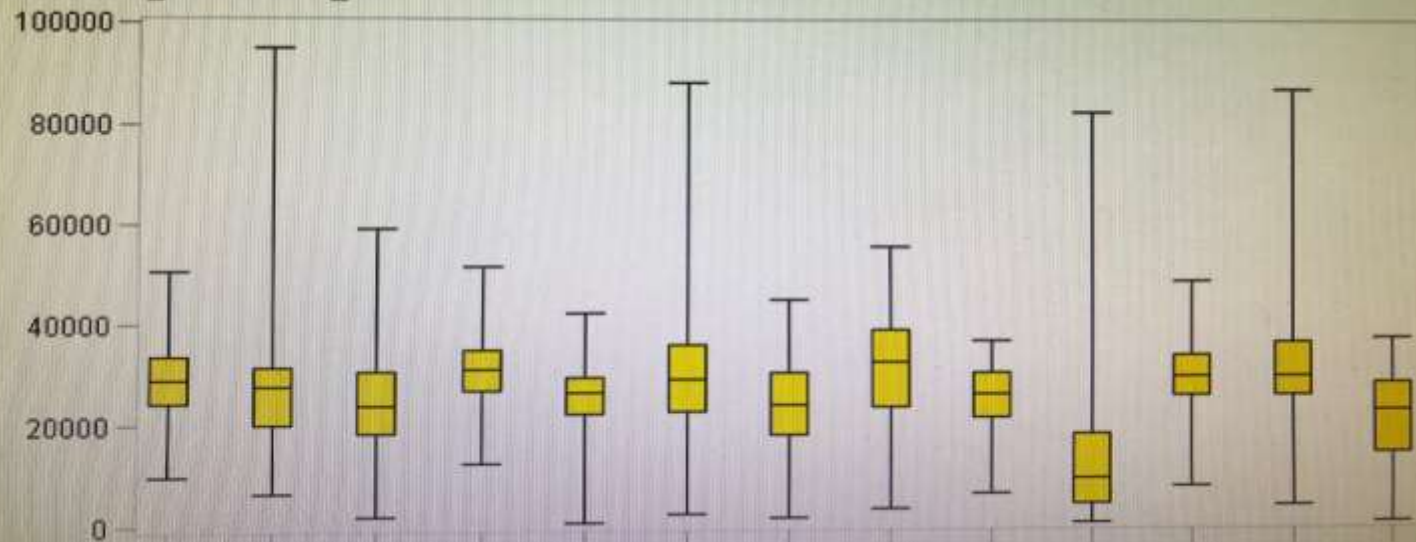
The sole shareholder and director of this company - UTR xxxxxxxx, received dividends of £73k in the period ended 30 September 2014 and £327k in the period ended 30 September 2015. He has not submitted any recent personal tax returns and has therefore not paid the tax due on the dividends Tax due	100,000
Per Fame xxxx and xxx each own 45.45% shareholding, M1 xxxg and M2 xxxx each own 4.54% shareholding. Their 2016/17 SA ITR's dividend income equates with the figure in column F. However both xxx's are liable to higher rate and their dividend figures do not represent the their shareholding.	60,000
Gary zzzzzzz - UTR -- zzzzzzzz wns 50% of the shares. I checked SA and he has not submitted a 2017 SA return and has not disclosed any dividends on his 2016 SA return. Therefore there appears to be tax outstanding on around £85k of dividends. The other shareholder is Ian mmmmmm - xxxx. Like Gary he hasn't submitted a 2017 SA return, and not disclosed any dividends on his 2016 return.	30,000
Director is Judy xxxe - NINO 1xxxxxx5. Can't trace on SA. She received £136k in dividends from her company which is now dissolved. She is of Singapore nationality. The company made profits of £137k and didn't file any CT returns with HMRC and didn't pay any CT.	30,000
Shareholders are xxxxxx x- UTR zzzzzz. Per his 2017 personal tax return, he only disclosed dividends of £5k. Nicholas zzzzz- UTR xxxxxxxx shares in the company. It looks like dividends have been underdeclared. The company has recently received a strike off notice. In the accounts, the accountants are listed as BBB- Chartered Accountants. They are also shown as the agents of the shareholders/directors on SA. Can it be considered misconduct by the agents if they failed to submit correct personal tax returns?	15,000

Box Plots are useful for comparing large volumes of data:



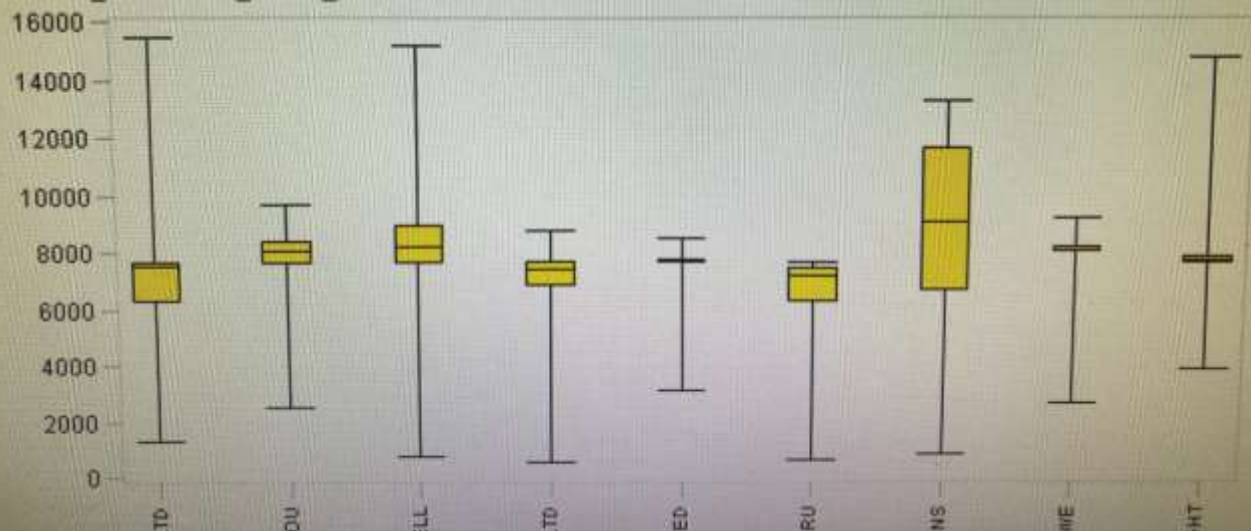
Turnover ranges in a certain sector

TRADING_TURNOVER_Ann



Directors Salary range same sector etc.

DA072_SALARIES_FEES_DIRECTORS



First year of accounts 2017. What's wrong with this page?

	<i>Notes</i>	<i>2017</i>	<i>2016</i>
		£	£
Fixed assets			
Intangible assets:		0	0
Tangible assets:	2	34,100	40,161
Investments:		0	0
Total fixed assets:		<u>34,100</u>	<u>40,161</u>
Current assets			
Stocks:		27,007	19,396
Debtors:		65,773	54,568
Cash at bank and in hand:		831,435	826,242
Investments:		0	0
Total current assets:		<u>924,215</u>	<u>900,206</u>
Creditors: amounts falling due within one year:		(232,935)	(253,211)
Net current assets (liabilities):		<u>691,280</u>	<u>646,995</u>
Total assets less current liabilities:		725,380	687,156
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Called up share capital:		10	10
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Other reserves:		0	0
Profit and loss account:		725,370	687,146
Shareholders funds:		<u>725,380</u>	<u>687,156</u>





Questions

- Karen Fox
- Martin Smith
- Thanks