Public Accounts Committee

Louise Smyth
Chief Executive and Registrar of Companies
Companies House
London. SW1

By email

12 December 2024

<u>Tax evasion in the retail sector</u>

Dear Registrar,

I am writing regarding your forthcoming attendance at the Public Accounts Committee on Monday 16 December to discuss the NAO's report "Tackling Tax Evasion in High Street and Online Retail".

The NAO report highlights some critical concerns, stating that "some new measures will not be fully operational until Companies House develops the necessary systems and capability, or until further secondary legislation is in place, such as verifying directors' identities". It continues: "[Companies House] have established immediate and short-term improvements, including 'cleaning' the company register to improve its accuracy, and greater sharing of data and intelligence."

Given this context, the Committee has concerns about Companies House's ability to effectively remove fraudulent listings, in particular the operational and technical constraints that may hinder progress notwithstanding Companies House's legal powers allowing it to address this issue. I would appreciate it if you could provide a confidential update to the Committee outlining the broad steps being taken to address these challenges.

Specifically, I would like to understand how Companies House intends to fulfil its responsibilities under Section 1 of the Economic Crime and Corporate Transparency Act 2023, which requires the organisation to "prevent companies and others from carrying out unlawful activities, or facilitating the carrying out by others of unlawful activities."

Furthermore, could you clarify which market-leading financial crime technologies Companies House plans to deploy, such as:

- Network analytics
- Machine learning and AI tools
- Risk scoring engines
- Metadata analytics

It is also crucial that data is shared with law enforcement agencies, such as the National Crime Agency and the City of London Police, as well as with the financial services sector. Such collaboration is vital to prevent company listings from being exploited as vehicles for fraud and other financial crimes. This aligns with your information-sharing powers under Section 94 of the Economic Crime and Corporate Transparency Act 2023. I would be grateful if the confidential briefing could include how Companies House intends to use its section 94 powers in this respect.

While we will address many of these matters during the hearing, I wanted to provide you with an opportunity to offer any additional background or context that may not be appropriate to discuss in detail in a public forum.

With apologies for the short notice, I would be grateful if you could respond to these points by close on Friday 13 December.

I look forward to your input at the Committee hearing.

Yours Sincerely

Sir Geoffrey Clifton-Brown MP
Chair of the Committee of Public Accounts