

Virtual Tenancies: ... a role in business incubation?

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Virtual tenancies ... and incubation:

- The ultimate “Golden Rolladex”
 - Maintains contact with fledgling businesses
 - Can draw them into the Centre’s physical network
 - Source of future businesses for the Centre
 - Beware of hobby businesses that will never grow
 - Widens awareness of the Centre in the community

Virtual tenancies ... and incubation:

- The technical stuff:
 - The only time a tenancy isn't a lease ...
 - Outside the Landlord and Tenant Act 1954
 - Purely a contractual arrangement
- BUT make sure you “know your tenant”
 - Are they truly legitimate businesses?
- AND ensure your contract is comprehensive

Virtual tenancies ... the contract:

- Define what's provided ...
 - Basic – the mail drop: letters, parcels, storage and safekeeping, returns
 - Call answering – how dealt with, passing on messages, and VT's own response
 - Meeting space – booking, preparation,
 - Confidentiality – disclosing contact info to 3P's
 - Data protection, freedom of information, statute/court

Virtual tenancies ... the contract:

- ... the price ...
 - Securing the price – contractual debt – not cheap
 - Menu's and choices – written record, signed by user
 - “know your tenant” – ensure you know who you'd sue for unpaid bills

Virtual tenancies ... the contract:

- ... limitations and protections ...
 - Protect the Centre
 - Responsibility for post received – letters, parcels, etc
 - How is access allowed to VT's to collect
 - pigeon holes, locked boxes, etc – keys, and so on
 - Rejected items and uncollected post
 - Warnings to VT
 - Warnings from VT – eg holiday absence

Virtual tenancies ... the contract:

- ... and how you end the VT
 - Mutual termination – “moving on”
 - Misuse and abuse
 - Centre reputation – eg: not responding to calls
 - What others are told at end of VT contract

BUT not because you're suspicious of crime ...

Virtual tenancies ... the rules

- Are you registered with HMRC?
 - Money Laundering Regulations
 - Company Service Provider – registration compulsory for “mail drop services”
- If not regulated by another agency, it's HMRC
- Very few exceptions

Virtual Tenancies:

... update on current issues

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Virtual tenancies ...

- Registration compulsory – since 2008
- MLRO's and internal policies
 - Policies to emphasise Centre's commitment to compliance
 - Verifying VT identities – control, management, ownership, shareholdings
 - Training of staff involved in managing VT services
- Non-compliance, tipping off, etc
 - Up to 14 years in jail

Virtual tenancies ...

- Ensure you review and monitor VT's
 - Have their businesses or the people changed?
 - If using Direct Debits or Standing Orders – has the account changed banks rather often? And does the account name match the VT? If not, why not?
 - Watch for “expiring” ID evidence ... eg passports
- Remember: it's not merely cash ...
 - The MLR cover all crime-related issues
 - Even tax evasion

Virtual tenancies ...

- HMRC are visiting sites offering VT's ...
 - They will seek evidence of initial ID checking
 - They will seek evidence of monitoring
 - They are seriously interested in the sector

Virtual tenancies ... hot desks

- Hot desks ...
 - Not a VT if you licence a specific desk
 - Otherwise, you're probably looking at a VT ...
 - So follow your own policies for VAT's, seek ID, monitor the VT
 - make sure you know who's your client

Virtual tenancies ... registered offices

- Registered offices ...
 - Yes, they're mail drop services, so MLR applies
 - Treat it as a VT, manage it, and control it
 - The company doesn't want to pay? Well, it's deemed service – eg legal proceedings – so the company needs to know if any papers received

Virtual tenancies ... registered offices

- Didn't agree use of the address?
 - Royal Mail diversions – but now harder to set up
 - By hand, courier and others may deliver/attend
 - Company won't sign VT or you don't want to offer?
 - Call Companies House – a company's registered office needs to meet certain requirements
 - Centre not liable under MLR if it's not agreed use of address – but must act once aware

Virtual tenancies ...

HM Revenue & Customs

10:49am Thu 19 May 2011

UPDATE - Fifteen arrested in money laundering investigation - suspected multi million pound money laundering offences which lead to the arrest of 15 people yesterday have been released by HMRC - Operation Enigma - offences in excess of £200 million, took place across the North West, Yorkshire and Nottinghamshire.

“Operation Enigma took 10 months to reach the point where we could make the arrests of 12 men and three women yesterday. Eighteen domestic addresses and five business addresses were searched during the raids, removing evidential material to allow us to continue our investigations. The businesses included a number of money services businesses and an accountant.”

Virtual tenancies ...

Let's talk ...

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