

Anti-Money Laundering Supervision FAQ

Contents

Who needs to register for AML Supervision?	2
Who can register for the CIOT/ATT AML Supervision Scheme?	4
Registration Form specific questions	6
My AML responsibilities	8
Miscellaneous	13

Who needs to register for AML Supervision?

I only have a few clients/my turnover is very low, do I need to register for AML supervision?

Yes. If your firm provides 'advice about the tax affairs of other persons', and if you take any money or fee for the services provided, the firm must be supervised by a supervisory authority. The meaning of 'advice' is widely interpreted and it would be prudent to take the view that tax compliance services come within its definition. There is no de minimis limit.

I am retired, do I need to register for AML supervision?

No, members who are fully retired do not need to register for AML supervision. Note, members who are 'retired' but still provide tax services to a small number of clients on a paid basis are still in business as tax advisers and as such come within the scope of MLR 2007 and need to be supervised.

I sub-contract for another firm, do I need separate AML supervision?

In some circumstances you can be covered by the contracting firm's AML registration – the terms are set out below –

If all your customers are Accountancy Service Providers who are supervised by HMRC or a professional body you don't need to register so long as you meet **all** of the following conditions:

- you don't do business directly with the supervised Accountancy Service Providers' own customers
- you're included in the supervised Accountancy Service Providers' anti-money laundering controls and procedures, suspicious activity reporting, and training programmes
- you have a written contract with each of your customers confirming that every aspect of the relationship between you meets all anti-money laundering requirements

I do not work in the UK, do I still need to register with the CIOT/ATT for AML supervision?

No you do not. However, please check the AML Regulations for the country you work in and make sure you are compliant. The CIOT/ATT will not supervise firms working wholly outside of the UK.

I do only Pro Bono work, do I need to register for AML supervision?

No. Providing you are not receiving any payment for your services you need not be registered for AML supervision. If you do not charge for your services you are not considered to be in business and therefore you are not within the regulated sector for AML purposes.

I have AML cover with another professional body, do I also need AML supervision with the CIOT/ATT?

No you do not provided tax work is covered under your scheme. Please use the Annual Return to inform us of which Regulatory body you use. If you switch your AML supervision from the CIOT/ATT to another professional body, please send us a letter or email stating that you no longer require supervision as you are now supervised by another body.

I am a member of the CIOT/ATT, a solo practitioner and have AML Supervision with HMRC, do I need to be supervised by the CIOT/ATT instead?

Yes, as a Chartered Tax Adviser or Taxation Technician you should register with the CIOT or ATT for supervision unless you or your firm is supervised by another professional body. In such a case you should notify the CIOT or ATT of your supervisor (you can do this through the Annual Return).

Members should not register with HMRC other than for trust and company services. If you have registered with HMRC in error please contact the CIOT/ATT for further guidance.

I don't handle client's money, why do I need AML supervision?

The AML Supervision Scheme is not designed to check whether you personally are laundering money but to provide regulations and assistance to help you in your capacity as a Tax Advisor. As a supervisory authority, the CIOT and ATT participates in the Anti-Money Laundering Supervisors' Forum to keep abreast of new developments and share best practice with fellow supervisors which we will then pass on to you.

I am an employee at a firm, do I need to register for AML supervision?

As an employee you will be covered by your firm's AML scheme.

I am an employee at a firm, but I also have a few private clients, do I need AML supervision?

If you receive payment for your services, then yes you do require AML supervision.

I am a member of CIOT/ATT but I don't work in the tax regulated sector, can I have AML supervision through the CIOT/ATT?

We can only supervise tax related work. You can find a full list of other AML Supervisors below:

<http://www.tax.org.uk/members-area/anti-money-laundering-and-counter-terrorist-financing/anti-money-laundering-0>

<http://www.att.org.uk/members/anti-money-laundering/other-supervisory-bodies>

I work in another regulated sector, does this advice apply to me?

Please remember that this advice only covers members working in the tax and accounting sector. Members working in other professions or industry sectors may also need to be supervised by a supervisory authority and they should seek further guidance where necessary.

As a member of the CIOT/ATT am I not automatically supervised by you for AML Regulations?

No, you need to apply for AML supervision. If you have not registered with an AML supervisor, you must do so without further delay. It is an offence to be in practice as a tax adviser without being registered with an AML Supervisor.

Who can register for the CIOT/ATT AML Supervision Scheme?

I am a member of the ATT or CIOT, can I register for AML Supervision?

Yes you can.

I am the only CIOT/ATT principal in my firm, can our firm register for AML Supervision?

Yes, so long as at least one of the principals is a member. However, inclusion on the scheme is not automatic. CIOT/ATT will review the principals and their qualifications before making a decision. If your firm is turned down, CIOT/ATT will advise where AML supervision should be sought. If the majority of principals are members of another professional body then supervision should be sought with them.

I am a student of the ATT or CIOT, can I register for AML?

No you cannot. We only register current members of the Institute or Association. If you are a member of another professional body you should register through them, otherwise you will need to register with HMRC. Once you have finished your exams and been admitted to membership you should switch your AML supervision from HMRC to us.

I am a member of the ATT but have just become a member of the CIOT, can I change my AML Supervision to CIOT and how do I do this?

Yes you can. Log onto the CIOT website and fill in the AML Registration form. We then require a letter or email from you stating that you no longer require AML supervision through the ATT as your firm is now supervised by the CIOT.

The only CIOT/ATT principal has left the firm, can we still be registered for AML supervision?

The firm should notify the CIOT/ATT straight away (and in any event no later than 30 days after the principal leaves). The CIOT/ATT will advise whether the firm will be de-registered or will be allowed to remain on the CIOT/ATT register until the next renewal of registration. If the firm is de-registered it will have to register with another supervisory authority. HMRC are the default supervisory authority for tax practitioners.

If I cannot be registered with the CIOT/ATT, what other regulatory bodies can supervise me?

HMRC is the default supervisory body for tax advisers, however, HMRC will not supervise any practitioner who is a member of a professional organisation.

If you are a member of another professional body, you may be supervised under your membership or practising certificate conditions. Please check with your other membership organisation(s) if you are unsure.

Please click the link below to view the full list of professional bodies.

<http://www.tax.org.uk/members-area/anti-money-laundering-and-counter-terrorist-financing/anti-money-laundering-0>

<http://www.att.org.uk/members/anti-money-laundering/other-supervisory-bodies>

It is possible that your firm may be supervised by more than one supervisory authority. The relevant supervisory authorities are required to share such information as is necessary for them to carry out their role as set out in the Regulations.

The CIOT and ATT will carry out spot checks on members who are not registered with them to ascertain who is monitoring those tax advisers.

What happens if the firm does not comply with the CIOT Anti-Money Laundering compliance scheme rules?

In cases of relatively minor non-compliance the CIOT and ATT would hope to be able to resolve such matters on an informal basis. More serious and/or repeated failures to comply will be referred to the Taxation Disciplinary Board Ltd, which will investigate and take disciplinary action as appropriate. The CIOT/ATT will in general follow the approach agreed by the Supervisory Authorities in the tax and accounting sector.

If in the course of its role as a supervisory authority the CIOT or ATT knows or suspects that a person is or has engaged in money laundering or terrorist financing it must promptly inform the NCA.

Registration Form specific questions

Definition: Firm

For the purposes of this form, Firm includes sole practitioner, a partnership, a limited liability partnership and a company.

Definition: Principal

For the purposes of this form, Principal means sole practitioner, equity partner, or company director.

My answers are the same as last year, do I need to answer all the questions again?

Yes, you still need to answer all of the questions, even if they are the same as previous years. However, if you are a sole practitioner, you do not need to answer questions 17iv, 18 and 24.

I am a small firm, I only have a few long term clients; do questions 26-28 (CDD) still apply to me?

Yes they do. Customer due diligence measures are a key part of the anti-money laundering requirements. They ensure that businesses know who their clients are, ensure that they do not accept clients unknowingly which are outside their normal risk tolerance, or whose business they will not understand with sufficient clarity to be able to form money laundering suspicions when appropriate. If a business does not understand its client's regular business pattern of activity it will be very difficult to identify any abnormal business patterns or activities. In addition businesses must be in a position to supply the client's identity to NCA (previously SOCA) should that client become the subject of a SAR.

I am a sole practitioner, do questions 29-32 (risk based policies) still apply to me?

Yes they do. The Money Laundering Regulations 2007 explicitly enshrine in UK legislation the concept of the risk-based approach to anti-money laundering (AML). This approach is relevant not only to the way firms discharge their legal obligations in the area of customer due diligence, but also to the way supervisors monitor their firms. The Government has made clear that it regards the risk-based approach to AML as essential to the effective and proportional functioning of the UK's AML regime.

I am a sole practitioner, do questions 33-38 (principals/staff AML training) still apply to me?

Yes they do. As HM Treasury appointed Anti Money Laundering (AML) Supervisors we are required to take steps to ensure that members in practice are familiar with and keep up to date with changes in the AML legislation; that is why we ask the question. For our part we highlight changes in the AML legislation in the AML Newsletter which is issued periodically to members; as a tax adviser in practice you come under the scope of the Money Laundering Regulations (MLR) and hence need to be aware of your obligations under the MLR.

I am a start-up, how do I answer the questions?

For any question that asks you about the previous year's work or income you can write "start-up" or "new company".

Nature of the Firm's business

These questions about the firm's fee income, client base and nature of services provided are designed to give the CIOT/ATT sufficient information to create a risk profile for the firm as regards

anti money laundering compliance. This should enable the CIOT/ATT to adopt an appropriate approach to its supervisory role with the firm.

I had computer trouble and accidentally submitted the form and payment twice, what do I do?

Please contact the membership team as soon as you can, either by email to aml@ciot.org.uk or phone on 0844 482 3925 so that we can discuss organising a refund.

I have two or more separate entities, can I register them all under the same policy?

No, each entity will need to be registered separately for AML Supervision.

I made a mistake on the form, how can I correct it?

If, after you have submitted the form, you realised you have made a mistake, please contact the membership team so we can correct it for you, you do not need to re-submit the whole form. We can be contacted by email at aml@ciot.org.uk or by phone on 0844 482 3925.

I need to supply extra information, how do I do this?

If you have been asked to supply additional information, please use the dialogue boxes under the appropriate question or email it through separately to aml@ciot.org.uk.

I want to update my answers since submitting the form, how do I do this?

If you wish to provide us with an update to your firm's registered name, the number of principals or change of address details, you can either email it to aml@ciot.org.uk or send it through the post to: 1st Floor, Artillery House, Artillery Row, London, SW1P 1RT.

How long will it take before I receive my confirmation of registration letter?

We will endeavour to send out letters of confirmation between two to four weeks after we receive your registration letter. If we require more information, this may take longer.

I am the principal, do I still need to write my name under CTA/ATT qualified employees?

No you do not.

My AML responsibilities

What are my obligations in regards to the AML Supervision Scheme?

- Comply with the UK Anti-Money Laundering legislation
- Conduct its practice in accordance with the laws of the CIOT/ATT with particular regard to the Professional Rules and Practice Guidelines
- Complete and submit an annual return, which will include questions about your firm's compliance with the Anti-Money Laundering legislation. You will be contacted in April-May each year about this
- Permit and co-operate with inspection visits by the CIOT/ATT or its authorised representatives
- Notify the CIOT/ATT of any relevant changes in the details supplied about the firm within 30 days of the changes taking place. For example if there is a change in the principals of the firm, particularly if the firm no longer has a principal who is a member of CIOT or ATT

Please also ensure that you familiarise yourself with the Scheme Rules found [here](#).

What are the CIOT/ATT's obligations in regards to the AML Supervision Scheme?

- Provide guidance on the practical application of the UK Anti-Money Laundering legislation. Guidance for the Tax Sector has been drafted in conjunction with the Consultative Committee of Accountancy Bodies is Treasury-approved, and can be found [here](#). See also the guidance issued by the [Joint Money Laundering Steering Group](#).
- Provide helpline support by telephone 0844 482 3925 or email us aml@ciot.org.uk. Please note that the helpline cannot and will not provide definitive legal advice
- Issue and review an annual return to be completed by the registered firm
- The CIOT/ATT may visit a firm with a view to discussing and inspecting its AML compliance procedures and records
- Participate in the Anti-Money Laundering Supervisors' Forum to keep abreast of new developments and share best practice with fellow supervisors

When do I need to carry out Customer Due Diligence (CDD)?

You should normally verify the identity of your client before the establishment of a business relationship. However, Regulation 9 allows verification to be completed during the establishment of a business relationship if—

- This is necessary not to interrupt the normal conduct of business
- There is little risk of money laundering or terrorist financing occurring, provided that the verification is completed as soon as practicable after contact is first established

Can I use electronic ID when doing CDD?

Whilst electronic verification may be sufficient in some cases to comply with Anti-Money laundering requirements, there may be circumstances where it will not be sufficient, for example where the client is in a higher risk category. Electronic verification will only confirm that someone exists, not that your client is who they say they are. You should consider the risk implications in respect of each client and be on the alert for information which may suggest that your client is not the person they say they are. You may reduce risk by supporting electronic verification by:

- supporting electronic verification with some other source material, such as

- getting a trusted third party (such as a fellow CTA / ATT, accountant or solicitor – also see below) to verify the identity of the client by sending you certified copies of their identification documents
- making telephone contact with the client on a home or business number which has been verified electronically
- requiring the client to pay you through an account held in their own name with a UK or EU regulated credit institution or one from an equivalent jurisdiction;

An appropriate record of the steps taken and/or copies of the evidence obtained to identify the client should be kept.

When choosing an electronic verification service provider you want to know that the information supplied will be sufficiently extensive, reliable and accurate so you should look for a provider who:

- is recognised, through registration with the Information Commissioner's Office, to store personal data
- can link the subject to both current and previous circumstances using a range of positive information sources
- accesses negative information sources, such as databases on CCJs, identity fraud and deceased persons
- accesses a wide range of 'alert' data sources
- has transparent processes enabling you to know what checks are carried out, the results of the checks, and what they mean in terms of how much certainty they give as to the identity of the subject
- allows you to capture and store the information used to verify an identity

Remember that although you do not need to obtain your client's permission to carry out electronic verification, they must be informed that this check is to take place. It's a good idea to include something to this effect in your engagement letter.

My clients have been with me for years, do I still need to do CDD on them?

You need to keep CDD up-to-date for all your clients. You may well already have sufficient documentary ID details on your files but if there has been any subsequent change to their circumstances or risk profile, you should update your CDD. You should review clients' CDD on a regular basis.

If my client has been introduced to me by another firm, do I still need to do CDD on them?

Regulation 17 allows you to rely on CDD carried out by credit or financial institutions or members of the following professional bodies:

- Association of Chartered Certified Accountants
- Institute of Chartered Accountants in England and Wales
- Institute of Chartered Accountants in Ireland
- Institute of Chartered Accountants of Scotland
- Council of Licensed Conveyancers
- Faculty of Advocates
- General Council of the Bar
- General Council of the Bar of Northern Ireland
- Law Society

- Law Society of Scotland
- Law Society of Northern Ireland

The third party must give consent for the CDD to be relied upon and although the Regulations do not define how consent must be evidenced, it is sensible to provide written notification saying that you intend to rely on the third party firm for the purposes of Regulation 17. Also, whether you wish to place reliance on third party CDD will be part of your risk assessment as you retain responsibility to comply with any requirements of the MLR 2007 and this responsibility and any liability for failure to apply verification correctly cannot be delegated to the third party.

What are my responsibilities for training a new member of staff, one who claims to have already received AML training at their previous employment?

As it is your responsibility under MLR 2007 to train all your staff you should ensure that your new member of staff receives adequate training from you. You could be prosecuted for a breach of the MLR 2007 if you fail to do so. Also, your internal AML policies and procedures may be different to those of the previous firm of your new member of staff. Not only should staff receive training at their induction but they should also be given refresher training – Regulation 21 says “regularly”. You should consider providing updates to staff if their job changes or AML legislation is amended. You could circulate our AML Newsletter to your staff.

Case study 1 – reporting to NCA

My client came to see me yesterday and dropped the following bombshell. His aunt died several years ago and left him quite a substantial sum of money which he had duly invested partly in shares and partly in property. He knew he should have declared the income from these investments and paid tax on it but somehow had never got round to it. However he now wanted to put matters right and make a full disclosure to HMRC. He had lots of questions. What was his position legally? Would he go to gaol? Would he have to pay interest and penalties? Would he have to pay it all at once? I went through what the law says, the approach HMRC are likely to take and what the first steps would be in declaring this income. Should I make a report to NCA (previously SOCA) or could his disclosure be covered by the privilege reporting exemption?

This is a complex area and if a member is in doubt about whether the privilege reporting exemption (the exemption) applies he should seek specialist help. Further guidance can be found in Chapter 7 of the CCAB guidance and in Chapter 12 of the Appendix to the CCAB guidance entitled Supplementary Anti-Money Laundering Guidance for the Tax Practitioner.

It is very likely that the privilege reporting exemption (‘the exemption’) will apply and in which case you must not make a Suspicious Activity Report to NCA. This is on the basis that the information came to you, a relevant professional adviser (members of the CIOT and ATT are relevant professional advisers for these purposes) in privileged circumstances (very broadly where a client or his representative seeks ‘legal advice’ and gives information in connection with the ‘legal advice’). Legal advice can be taken to mean advice on taxation matters where the tax adviser is giving advice on the interpretation or application of any element of tax law and in the process is assisting a client to understand his tax position.

If you are satisfied that the exemption does apply you should keep a record of the reasons for your decision in case you are challenged at a later date.

Please note that the exemption does not apply if the information is disclosed or advice is sought 'with the intention of furthering a criminal purpose'.

Note

Even though the client is willing to make a full disclosure in this case you would be obliged to make a report to NCA if the exemption did not apply (for example if you were not a relevant professional adviser). This is because the client knew that tax was payable but did not declare the income. The tax he saved by his failure to disclose constitute proceeds of crime.

Case study 2 – reporting to a client's new tax advisor about past activity

My ex-client has appointed a new adviser. We parted company when he refused to make a full disclosure to HMRC about an undeclared source of income. I have submitted a Suspicious Activity Report (SAR) to NCA (previously SOCA). Can I tell his new adviser why we parted company and that I have made a report to NCA?

You cannot disclose any information to the new adviser without your former client's consent. If he gives permission you may discuss freely with the new adviser all matters of which he should be made aware (though see below as regards the SAR).

We would not recommend that you volunteer information about the SAR. If the new adviser asks if a SAR has been submitted it is usually best practice to decline to answer. There is no obligation to supply this information.

However if you are satisfied that the request comes within the provisions of S330C POCA you may disclose the information. There are a number of conditions which must be met. In particular as far as tax advisers are concerned you should note that S330C only applies where the exchange of information is between professional legal advisers or 'relevant professional advisers of a particular kind'. Members of CIOT and ATT are relevant professional advisers for these purposes. However tax advisers who are not members of a professional body which meets the requirements of the legislation will not be regarded as relevant professional advisers.

Case study 3 – reporting to NCA, suspicion vs. speculation

Could this be reasonable grounds for suspicion of money laundering? A member of staff came back from a visit to Client A and said he was sure Client A must be 'fiddling his tax'. In his view there could be no other explanation for how Client A, a young man in his mid-twenties, could afford to own and drive the car he did (top range model costing over £30,000). He certainly could not afford to run the car from the profits of his business and he did not think Client A had any other source of income. However he had no evidence to back up his claim.

Suspicion is more than speculation but less than actual knowledge based in evidence. It must be based on some evidence even if that evidence is tentative. Simple speculation that a client may be money laundering is not sufficient grounds for money laundering— 'a vague feeling of unease' would not suffice.

On the basis of the limited information above it is unlikely that you have reasonable grounds for suspicion – it is more indicative of speculation. The possibility of another source of income has not been ruled out as your member of staff only thinks he has no other income. There could be a number of innocent explanations as to how Client A financed his lifestyle, for example, he may be part of a wealthy family happy to support his passion for fast cars.

However consider the following: Client A's business shows only a modest profit and when asked he confirms that he has no other income. He has such limited means that even if he lived very frugally it is difficult to see how he could afford to run such an expensive car. Another client had mentioned that Client A had carried out some work for her and that whilst not cheap he had done a very good job. However there is no trace in Client A's books and records of this work and he denies all knowledge of the job ("probably someone else with the same name as me did the work"). This could suggest that some projects are not recorded through the books and hence not declared to HMRC potentially resulting in an underpayment of tax and possibly VAT. This tentative evidence would mean that it is likely you have reasonable grounds for suspicion of money laundering.

Miscellaneous

How do I remove my firm from the register as I no longer require AML supervision?

If you no longer require AML Supervision, please send us a letter or email explaining the reason. For example:

- Retired
- Moved to another professional body, such as ICAEW
- Ceased trading

We do require this in writing, but the letter or email doesn't have to be very long, two or three lines will probably suffice.

I only have a few clients/my turnover is very low, can I get a discount on the AML registration fee?

At the moment there is one fee for AML supervision, which needs to be paid in full at the time you submit your registration form. If this changes in the future, we will let members know.

Can I pay the registration fee in instalments?

No. At this time, the registration fee needs to be paid in full at the time you submit your registration form. If this changes in the future, we will let members know.

Where can I get AML training from?

The following link contains a list of known AML trainers in the UK. However, please note the Institute and the Association does not endorse any external products or organisations.

<http://www.tax.org.uk/members-area/anti-money-laundering-and-counter-terrorist-financing/id-verification-and-training>

<http://www.att.org.uk/members/anti-money-laundering/id-verification-training-providers>

Does the CIOT/ATT have any templates I can use?

At the moment, unfortunately, we do not.

When do I have to notify the CIOT/ATT of any changes to my firm?

You should notify us of any change within 30 days. You can either call us on 0844 482 3925, send an email to aml@ciot.org.uk or write to us at: 1st Floor, Artillery House, Artillery Row, London, SW1P 1RT.

Can I describe my firm as Chartered Tax Advisers?

Registration with the CIOT for supervision does not enable the firm to describe itself as Chartered Tax Advisers. This may be applied for separately [here](#). Alternatively if you are a member of the ATT and wish to apply to use the ATT badge, please click [here](#).

How do I let my clients know I am supervised by the CIOT or ATT for AML purposes?

The firm may use the following wording on its practice stationery or website:

'Supervised by the CIOT for the purposes of Anti-Money Laundering legislation'. Or 'Supervised by the ATT for the purposes of Anti-Money Laundering legislation'.