

## **GUIDANCE NOTE ON POLICY FOR LATE APPLICATIONS TO REGISTER FOR THE CIOT AND ATT ANTI MONEY LAUNDERING (AML) COMPLIANCE SCHEME (the Scheme) (Applicable from 1 January 2018)**

### **The Scheme rules set out in regulation 3.1 who needs to register but how does this apply in practice?**

Sole proprietor members in practice and firms of tax advisers where all principals are members must be registered for AML supervision with the ATT or CIOT unless they are:

- a) Appropriately registered with another authority under the 2017 regulations
- b) In practice outside the United Kingdom

Firms based in the UK where at least one member is Principal may register with the ATT or CIOT under the Money Laundering Regulations (MLR 2017) although it is possible that they have another AML supervisory body.

Where there is more than one eligible supervisor, for example because of membership of several professional bodies, the member is not able to choose which supervisor they would like. The relevant supervisors must liaise regarding the most appropriate supervisor for the firm.

### **How soon should a firm be registered?**

Firms should register as soon as possible after they set up their business and commence trading ie as soon as they start to do work for which they will charge a fee even if no fees have yet been received.

Individuals becoming members and who were previously registered with HMRC should register with the CIOT or ATT at the end of their registration period with HMRC following the date their membership commences. We recommend they commence the registration process around two months before registration with HMRC is due to cease to ensure there is no gap in supervision.

### **When does a late registration fee apply?**

The two month period will commence from the date when the firm commenced trading or registration with another supervisory body ceased.

The CIOT and ATT may require sight of documentation confirming the period of supervision provided by another supervisory body. As noted above supervisory bodies are required to liaise in order to meet the requirements of the MLR 2017 and may undertake checks in that capacity.

The CIOT and ATT consider that two months is a reasonable time period for members and their firms to organise the registration of their firm. It is a regulatory requirement to be registered for supervision and therefore firms are in breach of legal requirements where they do not register promptly.

### **How much will the late registration fee be?**

A late registration fee will be charged equal to the fees applying for all of the years when the member should have been registered for AML supervision but was not. For example if the member commenced in business in October 2014 but did not register until June 2019 the fees due would be:

2019/20 Annual AML registration fee	£170
AML penalty fee based on fees for:	
2014/15	£118

2015/16	£120
2016/17	£120
2017/18	£120
2018/19	<u>£130</u>
Total late registration fee	<u>£608</u>

In addition, if the firm is referred to the Taxation Disciplinary Board (TDB) for late registration they may also impose a fine or other sanction.

### **Why is a late registration fee charged?**

The MLR 2017 require firms to register for AML supervision where they provide tax and accounting services. The registration should be in place and fees paid from the start of the business.

Late registration fees simply place members in the same position as they would have been in based on prompt registration.

### **Are there circumstances when a late registration fee will not be charged?**

The CIOT and ATT will consider a reduction in the late registration fee where there were extenuating circumstances resulting in the late registration of the firm.

Late registration fees may be waived where there is a reasonable excuse for late registration. For example, serious illness or bereavement will be taken into account.

### **What happens if the late registration fee is not paid?**

Payment of the late registration fee should be made promptly. The member services department will chase for payment of the fee but continuing delay (beyond 8 weeks) will result in the referral of the late registration to the Taxation Disciplinary Board (TDB). The CIOT and ATT reserve the right to refer any late registration to the TDB for consideration without issuing a late registration fee depending on the circumstances applying.

### **How will the CIOT and ATT identify that registrations are late?**

There are a number of ways in which late registrations may be identified and the most common include:

- **AML compliance scheme registration forms.** The information provided by members on these forms is used to consider whether the registration has been made on a timely basis. For example the registration form asks for the date when the firm commenced, details of fees and previous AML supervisor. Where necessary the member will be asked to provide further information to the CIOT or ATT to establish whether a late registration has occurred.
- **The CIOT/ATT annual return** - Members are required to confirm in their annual return the body which is their AML supervisor (AMLS) and this information will be used to identify which members should be registered with the CIOT and ATT but have failed to do so.
- **Other information provided by members.** On occasion members will provide information during telephone conversations with staff of the CIOT and ATT which indicates they have commenced trading. This information will be followed up and the member requested to register. In turn if the registration is then found to be late the late registration fee will be considered.

The CIOT and ATT always aim to work closely with members to assist them in becoming compliant and would encourage members to contact the CIOT or ATT at an early stage if they are unsure whether they need to register for AML supervision.

**Who should members contact if they have any queries about AML supervision and registration for the scheme?**

If members have any queries they should contact the CIOT and ATT using the following email address: [aml@tax.org.uk](mailto:aml@tax.org.uk)