

## **Change in Member in Practice Definition – removal of 5% rule**

### **To take effect from 1<sup>st</sup> April 2021**

The PII Regulations and guidance are currently under review by the CIOT and ATT. In the meantime, the definition of a member in practice as set out in the PII Regulations has been updated to remove the reference to a director or employee holding 5% or more of the equity share capital. This means that a director (as registered at Companies House) will have to ensure that the company holds PII which is compliant with the PII regulations irrespective of whether they are a shareholder. Employee shareholders will no longer have that responsibility.

The change brings the PII regulations in line with the AML Supervision Scheme Rules where the CIOT and ATT are able to supervise where a member is a Principal in a firm without the 5% ownership requirement. The change also provides clarity for employees in a business. It will apply from **1 April 2021**.

### **Definition from 1<sup>st</sup> April 2021:**

17. ‘**Member in practice**’ is a **member** who provides **taxation services** on a full-time or part-time basis as a sole practitioner, a partner in a partnership, a member of a limited liability partnership, a proprietor of an unincorporated body, or a **director (registered at Companies House)** of a company providing taxation services.

The CIOT and ATT would expect this change to have minimal impact for most members in practice but if you have any concerns please email the Professional Standards team [standards@ciot.org.uk](mailto:standards@ciot.org.uk) or [standards@att.org.uk](mailto:standards@att.org.uk).