

GUIDANCE NOTE ON POLICY FOR LATE APPLICATIONS TO REGISTER FOR THE CIOT AND ATT ANTI MONEY LAUNDERING (AML) COMPLIANCE SCHEME (the Scheme)

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 supervisor under the 2017 regulations; or
- b) In practice outside the United Kingdom

Firms based in the UK where at least one member is a Principal may register with the ATT or CIOT under the Money Laundering Regulations as amended (MLR 2017).

Where there is more than one eligible supervisor, for example because of membership of several professional body AML supervisors, 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 when 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 begin the registration process around two months before registration with HMRC is due to cease to ensure there is no gap in supervision.

When is an AML registration considered to be late?

An AML registration is considered to be late when it takes place after the date when the firm started to trade or registration with another supervisor ceased.

The CIOT and ATT may ask for evidence of supervision by the applicant firm's previous supervisor.

What action will be taken when there is a late registration for AML supervision?

For each registration which is 3 months late or more the firm will be charged fees covering previous years when they should have been registered for AML supervision but were not (if relevant). The fee will be capped at a maximum of six years prior to the current AML supervision year. The supervision year runs from 1 June to the following 31 May each year.

From 1 June 2022, where there is a late registration for AML supervision the CIOT or ATT will consider the referral of the nominated member (as identified on the registration form) to the Taxation Disciplinary Board. There will be an automatic referral where the registration is more than a year late.

How much will the late registration fee be?

The 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 (subject to the six year cap referred to above). For example, if the member started in business in October 2009 but did not register until December 2021 the fees due would be:

2021/22 Annual AML registration fee £310

(AML late registration fee based on fees for:

2015/16	£120
2016/17	£120
2017/18	£120
2018/19	£130
2019/20	£170
2020/21	<u>£300</u>
Total late registration fee	<u>£960</u>

The Taxation Disciplinary Board (TDB) may also impose a fine or other sanction.

Why will the late registration be considered for referral to the TDB from 1 June 2022 onwards?

The MLR 2017 require firms which provide tax and accounting services to have an AML supervisor. This obligation has been in place since 2007. Failure to have a supervisor is a breach of the law and where members fail to meet other legal and membership requirements there is a standard procedure for referral to the Taxation Disciplinary Board (TDB). The change in approach from 1 June 2022 onwards brings the offence into line with our general policy of referring matters to the TDB. There is a period of grace prior to 1 June 2022.

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, for example serious illness or bereavement.

What happens if the late registration fee is not paid?

Payment of the late registration fee should be made within 6 weeks of the invoice being issued as delay may result in a separate referral to the Taxation Disciplinary Board (TDB).

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.
- **The CIOT/ATT annual return** - Members are required to confirm in their annual return who their AML supervisor is. This information will be used to identify which members should have 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 asked 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

Reviewed November 2021