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Call For Evidence: Economic Crime Information Sharing

Response by the Chartered Institute of Taxation

1 Introduction

- 1.1 We are pleased to provide comments on the Home Office Call for Evidence: Economic crime information sharing.
- 1.2 The Chartered Institute of Taxation (CIOT) strongly supports the UK's drive to combat money laundering and terrorist financing and recognises the need to make changes to the model of AML supervision to combat financial crime and meet the requirements of the Financial Action Task Force.

2 About us

- 2.1 The CIOT is an educational charity, promoting education and study of the administration and practice of taxation. One of our key aims is to work for a better, more efficient, tax system for all affected by it – taxpayers, their advisers and the authorities. Our comments and recommendations on tax issues are made solely in order to achieve this aim; we are a non-party-political organisation.
- 2.2 Our members have the practising title of 'Chartered Tax Adviser' and the designatory letters 'CTA', to represent the leading tax qualification.
- 2.3 The objects of the CIOT include the requirements:
 - (i) to prevent crime and
 - (ii) to promote the sound administration of the law for the public benefit

by promoting and enforcing standards of professional conduct amongst those engaged in the provision of advice and services in relation to taxation and monitoring and supervising their compliance with money laundering legislation.

- 2.4 The CIOT is an AML Supervisory supervisor for about 850 firms of tax advisers who provide related accountancy services. Firms vary in size considerably and whilst it is often the view that the market is dominated by larger accountancy firms this ignores a large number of smaller firms. These firms need targeted support and assistance to comply and have less scope to absorb or pass on additional regulatory costs. Typically they do not have specialist staff dealing with intelligence sharing and the Money Laundering Reporting Officer (MLRO) will deal with AML compliance including fraud and suspicious activity reports (SARs) alongside their work as a tax adviser.

3 Executive Summary

- 3.1 The CIOT notes the different measures set out in the call for evidence. This response focuses on the area where we have most experience in relation to information sharing by our supervised firms and information sharing in our role as AML supervisors and therefore our answers relate mainly to private-public information sharing.
- 3.2 The main area of information sharing from private to public sector by our members is in relation to suspicious activity reporting. We consider that the current SAR process has improved our members' experience of reporting. We note however that SARs may not be submitted owing to the privilege reporting exemption and this is often overlooked when considering the low number of SARs submitted by our sector. The CIOT consider that SAR reporting provides significant safeguards for our members enabling them to maintain the contractual and ethical requirements on confidentiality.
- 3.3 The main time when our members are involved in private to private information sharing is when their clients move from one firm to another. We have therefore set out some points of information in respect of this. We also consider it is important to be clear where information sharing requirements legally override privacy and confidentiality under GDPR.
- 3.4 We have also included in this response some other comments about information sharing which the CIOT are involved in and points for the future given the upcoming reform of the AML supervisory regime.

4 Private to Private Information Sharing

- 4.1 The CIOT has some general comments in relation to this part of the call for evidence based on our interactions with AML supervised firms and our wider membership. We have therefore not answered the individual questions in the call for evidence as our comments do not fit directly with these.
- 4.2 We are aware that the main area where our members' businesses share information with other tax and accountancy firms is when a new client is taken on or a client leaves and a new tax adviser takes over. In these circumstances firms taking on a new client will issue a professional clearance letter asking whether the previous adviser is aware of any professional reason why they should not accept the appointment and requesting information about the client which is needed to ensure a smooth handover. The previous adviser will then generally respond to this request, provided the client gives authority that they can correspond with the new adviser. Members do not refer to suspicious activity reporting because of concerns about tipping off but they will sometimes point a new adviser to areas where they may want to undertake additional checks on a client which may support new advisers to focus on areas where they may identify financial crime
- 4.3 We have received no reports of our members sharing information with other firms under the Economic Crime and Corporate Transparency Act 2023.
- 4.4 Members are generally aware of requirements under the Data Protection Act 2018 and UK GDPR. As a general observation some indicate to us that they find it unclear which requirements prevail when sharing information. In general this is discussed in relation to the provision of information to us as supervisors or when submitting a SAR, but it evidences the fact that any changes to information sharing powers or requirements should clearly set out where those override GDPR considerations.

5 Private-Public Information Sharing

- 5.1 **General comments on private-public information sharing**

- 5.2 It should be noted that although CIOT welcome information sharing we receive very few requests to share information about specific members with public sector bodies and very little information is shared with us by law enforcement, HMRC or other public bodies in relation to our members.
- 5.3 We have fed back on a number of occasions that it would be helpful to have more granular feedback about instances where our members have shared information (for example by way of SARs) and the quality of those reports, or instances where our members should have made reports but have not. In order to achieve the most effective efforts to reduce financial crime there needs to be two-way sharing of information.
- 5.4 **Suspicious Activity Reporting Regime**
- 5.5 The CIOT review SAR submissions as part of our AML supervisory role. Our observations in relation to this are:
- a. Members generally submit good quality SARs
 - b. The new SAR portal assists members in providing the information required by the National Crime Agency (NCA) and is an improvement on the previous portal process.

Our own experience of SAR submission is that the portal is intuitive to use and assists with the completion of good quality SARs

- 5.6 It should be recognised that potential SAR reporting by our members arises most often where there may have been deliberate under reporting of income or over-claiming of expenses leading to deliberate underpayment of tax. In certain circumstances a report should not be made because of the privilege reporting exemption. Further information on this as it relates to tax advisers is set out in section 7 [AML Guidance for the Accountancy Sector Supplementary Anti Money Laundering Guidance for Tax Practitioners](#)¹. Our experience is that this exemption is often overlooked when considering the number of SARs and effectiveness of information sharing by our sector.
- 5.7 Whilst large firms can draw on internal or external legal advice when considering SAR reporting small firms can lack the knowledge and confidence to determine whether a SAR should be made. We have a helpline to assist members but cannot tell members whether to make a SAR or not given this is a decision they need to make based on their knowledge or suspicion. Having said this, our experience is that most members have considered the guidance and have decided whether the matter requires reporting before they contact us. Members like to talk through the scenario they have come across and seek direction to any additional guidance in order to have the confidence to report. Given the reform of the AML supervisory regime it will be important that the Financial Conduct Authority (FCA) provide suitable support by way of helplines so that small firms can speak to qualified staff who can assist them. This will continue to be an important element to encourage information sharing from tax advisers.
- 5.8 We would also draw to your attention the important ethical requirements which CIOT members must adhere to alongside their requirements to share information. All CIOT members working in tax must adhere to [Professional Conduct in Relation to Taxation \(PCRT\)](#)² which requires members to maintain confidentiality. Members also have to adhere to contractual responsibilities to maintain confidentiality. CIOT works with six other professional bodies (AAT, ACCA, ATT, ICAEW, ICAS and STEP) to produce and update PCRT and they represent between them a significant proportion of the accountancy population.

¹ [SupplementaryGuidanceTaxPractitioners_2019Version.pdf](#)

² <https://www.tax.org.uk/professional-conduct-in-relation-to-taxation-pcrt>

Based on PCRT, our members cannot make disclosures to HMRC without their client's agreement, as set out in PCRT:

“2.19 A member may only disclose information without their client's consent when there is an express legal or professional right or duty to disclose.”

PCRT includes a number of help sheets which provide further guidance in relation to the application of PCRT principles and in particular [PCRT Help sheet C: Dealing with errors](#)³ is of relevance when considering reporting:

“17. A member must ensure that they have authority to disclose an error to HMRC.”

SAR reporting is a legal requirement and as such it is helpful for our members to use that route to report matters to HMRC. Whilst sometimes members note from the UKFIU guidance that they should report matters to HMRC or to Report Fraud this does not provide them with the legal protection required in relation to their contractual arrangements and their requirements to meet PCRT. As such the CIOT considers that use of SAR reporting will continue to be important alongside other innovative information sharing initiatives in order to give protection to reporters.

6 Other Information Sharing

6.1 Sharing between supervisors

6.2 The CIOT consider that current information sharing requirements under regulation 50 and 52 MLR are an important and effective way of sharing information. Whilst they do not always involve the exchange of information about economic crime itself, they support effective supervision by the correct supervisor. This in turn supports the effective supervisory activity, which is essential in the fight against economic crime.

6.3 Sharing via the SIS system

6.4 The CIOT use the SIS system extensively to check on all business owners, officers and managers of our supervised firms. These checks are undertaken when members make an initial application for supervision or when an AML supervisory visit is undertaken. Our experience is that this system is easy to use but can be restricted where organisations who have listed a name on the system are unable or unwilling to disclose additional information about the individual or firm listed.

Care is also needed by organisations using information on the SIS system and it is important for them to understand the reasons an individual is listed and make clear the use they will make of this information when requested. It is also essential to check with the body who have listed the individual before disclosing the information to them.

Following AML supervisory reform we accept that all information about accountants and tax advisers will be held by one supervisor which should facilitate easier information sharing. The CIOT alongside other supervisors obtains a considerable amount of information which feeds into our risk assessments through activity which is not directly related to supervisory activity, for example annual membership returns and complaints received. Following supervisory reform there will be a challenge as to how the FCA will ensure information sharing of this nature.

³ https://assets-eu-01.kc-usercontent.com/220a4c02-94bf-019b-9bac-51cdc7bf0d99/f6d9968b-4882-4c80-b82e-69eacda5ee38/Errors_helpsheet_1_March_2019.pdf

7 Acknowledgement of submission

- 7.1 We would be grateful if you could acknowledge safe receipt of this submission, and ensure that the Chartered Institute of Taxation is included in the List of Respondents when any outcome of the call for evidence is published.

The Chartered Institute of Taxation

18 May 2026