

Anti-Money Laundering (AML) Supervision FAQ

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Glossary

The following are referred to throughout the FAQ and where relevant links to the original documents are provided below.

MLTF – Money Laundering and Terrorist Financing

[The Money Laundering, Terrorist Financing and Transfer of Funds \(Information on the Payer\) Regulations 2017](#) known as Money Laundering Regulations (MLR) 2017

[Anti-Money Laundering Guidance for the Accountancy Sector](#) (AMLGAS) previously known as the CCAB guidance.

[Accountancy Affinity Group](#) (AAG) – The CIOT and ATT participate in this group. The Accountancy Affinity Group is a sub-committee of the UK Anti Money Laundering Supervisors Forum. The AAG is a forum in which professional bodies work collaboratively to develop accountancy sector supervisory policy to promote consistency in standards and best practice. The AAG consists of the accountancy professional body supervisors listed in Schedule 1 of the Money Laundering Regulations 2017.

UK AML Supervisors Forum (AMLSF) – This is a forum for all AML supervisors including HMRC and the FCA. It is also attended by representatives of OPBAS, HM Treasury, NCA and other relevant law enforcement agencies.

[Joint Money Laundering Steering Group](#) (JMLSG) – The Joint Money Laundering Steering Group is made up of the leading UK Trade Associations in the Financial Services Industry and is therefore the guidance provided can also be helpful to tax advisers.

Who needs to register for AML supervision?

Q1. Who needs to be supervised by a supervisory authority?

If you are carrying on a business in the tax and accounting sector you or your firm must be supervised. In essence this means sole practitioners and principals in partnerships/limited liability partnerships and companies.

Q2. Who does not need to be supervised by a supervisory authority?

You will not need to be supervised by a supervisory authority if you:

- Are an employee (but you will need to register if you provide tax or accounting services on a self-employed basis outside your employment, e.g. paid weekend and evening work).
- Are a **fully** retired member.
- Work entirely outside the UK (but you should check the AML requirements in the country where you are working).
- Do not work in the tax and accounting sector (or other regulated sectors as set out in MLR 2017).

Q3. Does my firm need to be supervised by a supervisory authority for AML compliance purposes?

If your firm provides 'advice about the tax affairs of other persons', the firm will need to be supervised by a supervisory authority. The meaning of 'advice' is widely interpreted and it is generally accepted that for these purposes tax advice includes tax compliance work. The CIOT and ATT set out in the AML scheme rules that: "advice about the tax affairs of other persons means the preparation and submission of tax returns, advice on tax planning, representation and defence of taxpayers before authorities and courts and the provision of overall advice in the area of taxation and complementary accounting and legal services."

Q4. How do I know if I am providing tax or accountancy services 'by way of business'?

Under most circumstances, it should be easy to tell whether the services you offer are carried out by way of business. If you are unsure, you need to be aware that if you receive any fees or payment for the tax or accountancy services provided then you are considered to be carrying out a business and need to be registered for AML supervision.

Q5. What are the implications if I ever do trust and company services work as well as provide tax services?

If you ever do trust and company services work you count as a “Trust and Company Services Provider” (TCSP) under regulation 12 MLR 2017. If your firm is a TCSP then the ATT and CIOT are still able to supervise your firm but it will also need to be on an HMRC register. Where you are supervised by ATT/CIOT we will ensure that your firm is included on the HMRC register on the presumption that you are a TCSP unless you confirm that you never undertake TCSP work. [Newsletter 22](#)¹ gives further details and FAQ are also included on the CIOT website [here](#)² and the ATT website [here](#).³

Under the definition in the regulations, trust and company service provider "means a firm or sole practitioner who by way of business provides any of the following services to other persons, when that firm or practitioner is providing such services:

- a. forming companies or other legal persons;
- b. acting, or arranging for another person to act:
 - i. as a director or secretary of a company;
 - ii. as a partner of a partnership; or
 - iii. in a similar capacity in relation to other legal persons;
- c. providing a registered office, business address, correspondence or administrative address or other related services for a company, partnership or any other legal person or legal arrangement;
- d. acting, or arranging for another person to act, as:
 - i. a trustee of an express trust or similar legal arrangement; or
 - ii. a nominee shareholder for a person other than a company whose securities are listed on a regulated market.”

Q6. 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. There is no *de minimis* limit.

¹ <https://www.tax.org.uk/membership-and-events/anti-money-laundering-and-counter-terrorist-financing/newsletters>

² <https://www.tax.org.uk/members/anti-money-laundering-and-counter-terrorist-financing/guidance>

³ <https://www.att.org.uk/guidance-anti-money-laundering>

Q7. I am retired, do I need to register for AML supervision?

Members who are **fully retired** do not need to register for AML supervision. Members who consider themselves '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 2017 and need to be supervised.

Q8. I sub-contract for another firm, do I need separate AML supervision?

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 do not do business directly with the supervised Accountancy Service Providers' own customers.
- You are included in the supervised Accountancy Service Providers' AML 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 AML requirements.

If you do not meet **all these conditions** then you must be registered for AML supervision. Once you are registered you will need to consider the Customer Due Diligence (CDD) to be undertaken on the firm you are working for and their clients. Sections 5.3.33 to 5.3.34 of AMGAS provides further advice here.

Guidance for firms in relation to outsourcing, subcontracting and secondments is in Appendix B of [AMLGAS](#).⁴

Q9. 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 cannot supervise firms working wholly outside the UK.

Q10. 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 do not need to 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.

⁴ <https://www.ccab.org.uk/documents/FinalAMLGuidance2018.pdf>

Q11. I don't handle client's money, why do I need AML supervision?

The requirement to be supervised under the MLR 2017 relates to the services being provided by the firm. Supervision is required where tax advice is provided whether the adviser has a client account and handles client money or not. However, where a firm has client accounts and handles client money this can be an additional AML risk factor as criminals are known to seek opportunities to launder proceeds of crime through these means.

See also Q62. in relation to client money.

Q12. 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.

Q13. 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 to those private clients, then yes you do require separate AML supervision of your own.

Q14. 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.

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

Q15. I am a member of the ATT or CIOT providing tax services, can I register for AML supervision with the CIOT or ATT?

Members of the ATT or CIOT providing tax services as sole traders must register for AML supervision with these bodies. (If however you are also a member of another AML supervisory professional body you may need to be registered with them instead. Please see '[Q19. I have AML cover with another professional body, do I also need AML supervision with the CIOT/ATT?](#)')

Q16. I am a principal in a firm which includes CIOT/ATT members and non-members among its principals. Who supervises the firm?

To be supervised by the CIOT or ATT at least one principal in your business must be a member of the CIOT or ATT. (Principal for these purposes means sole practitioner, equity partner, member of an LLP or company director at Companies House.)

Q17. 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. Please [Q28](#) below regarding the penalties for not registering promptly.

Q18. I am the only CIOT/ATT principal in my firm, should our firm register for AML supervision?

Yes, so long as at least one of the principals is a member. Where a firm has Principals belonging to more than one Professional body, the CIOT and ATT will agree with the other professional body(ies) which is the most appropriate supervisor.

Q19. 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 that body's supervision. Please use the Annual Return to inform us of your AML supervisory authority. If you have historically been registered for

supervision with the ATT/CIOT and your firm has been accepted and registered for supervision by another supervisor please send us a letter or email stating that you no longer require supervision as you are now supervised by another body. Supervisors are required to liaise and we will need to confirm the position with that body.

Q20. I am a member of the CIOT/ATT, a sole 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). If you have registered with HMRC in error please advise the CIOT/ATT and register with the CIOT/ATT rather than renewing your registration with HMRC at the end of the period of supervision.

Q21. I am a student of the ATT or CIOT, can I register for AML?

No. If you are providing tax services you must be registered for AML supervision but the CIOT/ATT cannot supervise. We only supervise current members of the CIOT or ATT. 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 (if that is who you are supervised by) to us at the renewal date.

Q22. 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.'

Q23. 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](#).⁵ Alternatively, if you are a member of the ATT and wish to apply to use the ATT badge, please click [here](#).⁶

Q24. 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 14 days after the principal leaves). If the firm is de-registered it will have to register with another supervisory authority. HMRC are the default supervisory authority for tax practitioners.

Q25. If my firm cannot be registered with the CIOT/ATT, what other supervisory authority can supervise me?

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

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

The full list of professional bodies is listed in the regulations [here](#).⁷

It is possible that your firm may potentially be supervised by more than one supervisory authority. The relevant supervisory authorities will agree between them which is the appropriate supervisor in these cases.

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.

Q26. How do I remove my firm from the register as I no longer require AML supervision?

If you no longer require AML supervision, please notify us in writing explaining the reason. Reasons might include:

⁵ <http://www.tax.org.uk/members/setting-your-tax-practice/use-institutes-badge>

⁶ <https://www.att.org.uk/att-members-logo>

⁷ <http://www.legislation.gov.uk/ukxi/2017/692/schedule/1/made>

- Retirement
- Your firm being accepted and registered for supervision by another supervisor
- Cessation of trade

Please note that if you advise us that AML supervision has commenced with another professional body we will liaise with them to confirm the position and agree which is the most appropriate supervisor.

Q27. What happens with my AML supervision if I cease to be a member of the CIOT/ATT?

The CIOT and ATT can only be the AML supervisor of a member. If you cease to be a member then we can no longer supervise you unless you are in business with other principals who are members and AML supervision of the firm continues because of their membership. Where we are no longer able to supervise you will need to register for AML supervision with HMRC unless you are a member of another professional body and can register with them.

Q28. What happens if the firm does not comply with the requirement to register with the CIOT/ATT for AML supervision?

Assuming the firm is not registered for supervision either with another supervisory professional body or with HMRC, registration with the CIOT/ATT should be brought up to date immediately. Please also refer to the late registration policy and guidance note on the website as regards the penalties and sanctions for failure to register (see the CIOT website [here](#)⁸ and the ATT website [here](#)⁹).

Q29. What happens if the firm does not comply with other requirements under the MLR 2017 and the CIOT/ATT AML Scheme?

Where the CIOT/ATT is your AML supervisory authority, and in cases of relatively minor non-compliance, the CIOT and ATT would hope to be able to resolve such matters on an informal basis consistent with approved practices applying to the tax and accountancy sector. 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.

⁸ <https://www.tax.org.uk/members/anti-money-laundering-and-counter-terrorist-financing/anti-money-laundering-1>

⁹ <https://www.att.org.uk/online-anti-money-laundering-scheme-registration>

What are the firm's responsibilities and CIOT/ATT's responsibilities under the CIOT/ATT AML Supervision Schemes?

Members should refer to the CIOT Scheme Rules and the ATT Scheme Rules.

Q30. What are my firm's obligations in regards to the CIOT/ATT AML Supervision Scheme?

Your firm must:

- Comply with the UK AML/CTF legislation.
- Conduct its practice in accordance with the laws of the CIOT/ATT with particular regard to the Professional Rules and Practice Guidelines and Professional Conduct in Relation to Taxation.
- Comply with the CIOT and ATT AML Scheme Rules which include the following requirements:
 - Complete and submit an AML annual return, which will include questions about your firm's compliance with the AML 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;
 - Where a sole proprietor, obtain and disclose to the CIOT or ATT a criminal history check in support of the application for registration;
 - Where a firm, obtain and disclose to the CIOT or ATT a criminal history check for all beneficial owners, officers and managers in support of the application for registration;
 - Notify the CIOT/ATT of any relevant changes in the details supplied about the firm within 14 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 ensure that you familiarise yourself with all of the Scheme Rules for the CIOT/ATT. For further details in relation to Criminality Check requirements please refer to the separate FAQ which can be found [here](#)¹⁰ for CIOT and [here](#)¹¹ for ATT.

¹⁰ <https://www.tax.org.uk/members/anti-money-laundering-and-counter-terrorist-financing/anti-money-laundering-0>

¹¹ <https://www.att.org.uk/anti-money-laundering-scheme-details-0>

Q31. What are the CIOT/ATT's obligations in regards to the AML Supervision Scheme?

CIOT/ATT must:

- Provide guidance on the practical application of the UK AML legislation. Please refer to the AML sections on our websites. Guidance for the Tax Sector has been drafted in conjunction with the Consultative Committee of Accountancy Bodies and is Treasury approved, and can be found [here](#).¹² See also the guidance issued by the [Joint Money Laundering Steering Group](#)¹³ (see the glossary at the start of the document).
- Provide up-to-date information on money laundering and terrorist financing (MLTF) risks faced by tax advisers. The up to date supervisory risk assessment can be accessed [here](#)¹⁴ for the CIOT and [here](#)¹⁵ for the ATT.
- Provide helpline support by telephone 0844 482 3925 or email us at aml@tax.org.uk. Please note that the helpline cannot and will not provide definitive legal advice.
- Issue and review an AML 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 Accountancy Affinity Group and AML Supervisors' Forum (see glossary at the start of the document) to keep abreast of new developments and share best practice with fellow supervisors.

¹² <https://www.ccab.org.uk/documents/FinalAMLGuidance2018.pdf>

¹³ <http://www.jmlsg.org.uk/>

¹⁴ <https://www.tax.org.uk/members/anti-money-laundering-and-counter-terrorist-financing/guidance>

¹⁵ <https://www.att.org.uk/attciot-supervisory-risk-assessment-money-laundering-terrorist-financing-mltf>

How do I make sure my firm meets the requirements under the Money Laundering Regulations (MLR) 2017 and associated AML legislation?

The details provided below are not a substitute for familiarising yourself with the Money Laundering Regulations 2017, the Anti-Money Laundering Guidance for the Accountancy Sector (AMLGAS) and undertaking training as required under [The Money Laundering, Terrorist Financing and Transfer of Funds \(Information on the Payer\) Regulations 2017](#) known as Money Laundering Regulations (MLR) 2017.

Whilst the CIOT/ATT have provided further guidance on questions which members regularly ask this has not been approved by HM Treasury and is based on our current understanding of the operation of the regulations. This briefing note is based on the legislation applying as at 23 November 2018. While every care has been taken in the preparation of this guidance, it does not purport to be a comprehensive statement of the relevant law. The CIOT and ATT and all those involved in the preparation and approval of this guidance shall not be liable for any direct or indirect loss, consequential loss, loss of profits or loss of reputation occasioned by reliance on it.

Responsibilities at Firm Level

Q32. We have recently set up in practice and registered for AML supervision. What do we need to do next?

As well as ensuring that you are familiar with the requirements of your AML Supervision Scheme you should take some time on the following:

- a. Appointment of a Money Laundering Reporting Officer (MLRO). Sole practitioners will need to perform this role and chapter 3 of AMLGAS covers what is required of an MLRO.
- b. In firms other than sole practitioner firms the requirements under regulation 21 MLR 2017 will need to be considered and the business may need to appoint a board member or member of senior management to be responsible for the business's compliance with the AML regime.
- c. AML training – make sure this is up to date for you and any staff so you are aware of current requirements under MLR 2017 and will be in a position to identify potential incidences of money laundering and terrorist financing.
- d. AMLGAS – ensure you and your staff are familiar with this. It is Treasury approved and acting in accordance with it therefore provides protection.
- e. Written practice risk assessment – this must be in place.

- f. AML policies and procedures – these must be put in place in the practice and should incorporate actions required to mitigate and manage the AML risks identified in the practice risk assessment. The policies and procedures must be set out in writing.

Further guidance on all of these areas is included in AMLGAS and please refer to the other questions and answers below.

Q33. We are a firm with more than one Principal. What additional requirements might there be under Regulation 21 MLR 2017 and how do we know when these apply?

Under regulation 21 MLR 2017 firms must put in place additional controls ‘where appropriate with regard to the size and nature of its business’. There is no definition of what size of firm this applies to and a firm which is not a sole practitioner will need to consider their own business arrangements. If they consider that additional controls are not required with regard to the size and nature of the business they should document in writing the factors considered and why they have concluded that additional controls are not required. Possible examples might include:

- a. A practice where husband and wife are directors of the business and work in an open plan office with two employees. A small business such as this where the directors are in one location with their employees may reach a conclusion that regulation 21 does not apply to them.
- b. A practice with 10 partners with 50 staff based on multiple sites. This size of firm almost certainly needs more controls than a small practice and would need to meet the requirements of Regulation 21.
- c. A 2 partner firm with 10 staff with two offices. Careful consideration of the position would be needed here. Additional controls may be appropriate based on the size and nature of the business but the partners should ensure they review their business arrangement and document their conclusions in relation to Regulation 21 requirements.

Where Regulation 21 MLR 2017 does apply the additional controls required are:

- The appointment of a director or senior manager responsible for AML compliance. This is in addition to MLRO although the same individual can undertake both roles.
- Screening of employees before appointment and during employment. This means assessing the skills and knowledge of the individual to carry out their functions effectively as well as the conduct, honesty and integrity of the individual.
- Establishment of an internal AML audit function.

Q34. I have heard that I have to have a written risk assessment of my practice and written policies and procedures is that correct?

Yes, that is correct and both are required under the MLR 2017 **even if you are a sole practitioner.**

Q35. What should a written risk assessment of my practice include?

Regulation 18 sets out these requirements and chapter 4 of AMLGAS should also be referred to.

Appropriate steps must be taken to identify and assess the risks of money laundering and terrorist financing to which the business is subject. When considering the steps which are appropriate the size and nature of the business can be taken into account.

If requested supervised members must provide to their supervisor:

- The risk assessment
- The information on which the risk assessment was based
- The steps taken to produce the risk assessment

The document does not need to be lengthy and members need to step back and consider the risks affecting the firm as a whole. Assessing risk enables the identification of the areas most at risk and then resources can be focused on those areas. The legislation is as yet untested in the courts but one possible approach might be:

Step 1 – consider and identify the money laundering risks faced by the different areas of the business. In order to do this consider the risks based on the factors set out in the MLR 2017 including factors relating to:

- i. its customers;
- ii. the countries or geographic areas in which it operates;
- iii. its products or services;
- iv. its transactions; and
- v. its delivery channels.

Further details on each of these areas are set out in appendix E of AMLGAS (which sets out the risk factors when considering whether enhanced due diligence is required).

Step 2 – Section 4.3.4 of AMLGAS states that ‘risks should be grouped into categories, such as *‘client’*, *‘service’* and *‘geography’*. Some risks will not easily fit under any one heading but that should not prevent them from being considered properly. Nor should a *business* judge overall risk simply by looking at individual risks in isolation. When two threats are combined they can produce a total risk greater than the sum of the parts. A particular industry and a particular country may each be thought

to pose only a moderate risk. But when they are brought together, perhaps by a particular *client* or transaction, then the combined risk could possibly be high’.

Step 3 – Consider risk information provided by the CIOT in its role as an AML supervisor [here](#)¹⁶ and the ATT in its role as AML supervisor [here](#)¹⁷ and the National Risk Assessments prepared at intervals by the UK Government. The latest NRA prepared by the government can be accessed [here](#).¹⁸

Step 4 – Having identified risks move on to assess each risk by considering the likelihood of them occurring and the resulting impact if they do. As suggested in AMLGAS (4.4.3) take into account the business’s experience and knowledge of different commercial environments. What might be high risk to one firm owing to lack of experience might be low risk to another.

Step 5 – Set out in writing the risk assessment of the firm overall or particular areas of the firm making sure this draws a conclusion in relation to high, medium or low risk of money laundering or terrorist financing.

Step 6 – Ensure records are maintained of all the steps taken, the information used and risk assessment itself. Ensure the risk review is updated as and when risks change. Consider revisiting it to ensure it is appropriate at least once a year.

Step 7 – Use the risk assessment to inform what policies and procedures are required to manage risk in the firm. Consider the procedures and controls currently in place and plan for additional actions required to mitigate risk. Make sure where you have staff that they are aware of, understand and put into action the policies, procedures and controls in place.

Supervised firms report to us that they like to use template documents. The CIOT and ATT have prepared further guidance on practice level risk assessments and a proforma document which members can use and amend for their own practice. This proforma is most suitable for small firms such as sole practitioners or 2 partner/2 director general practice firms. The guidance and proforma documents can be accessed [here](#)¹⁹ (CIOT) and [here](#)²⁰(ATT).

Larger firms or niche tax practices may prefer to use the proforma documents supplied by some of the training providers detailed on the websites [here](#)²¹ (CIOT) and [here](#)²² (ATT).

¹⁶ <https://www.tax.org.uk/members/anti-money-laundering-and-counter-terrorist-financing/guidance>

¹⁷ <https://www.att.org.uk/attciot-supervisory-risk-assessment-money-laundering-terrorist-financing-mltf>

¹⁸ <https://www.gov.uk/government/publications/national-risk-assessment-of-money-laundering-and-terrorist-financing-2017>

¹⁹ <https://www.tax.org.uk/membership-and-events/anti-money-laundering-and-counter-terrorist-financing/guidance/guidance-and>

²⁰ <https://www.att.org.uk/guidance-pro-forma-documents-use-small-firms-supervised-att>

²¹ <https://www.tax.org.uk/membership-and-events/anti-money-laundering-and-counter-terrorist-financing/id-verification-and>

²² <https://www.att.org.uk/members/anti-money-laundering/id-verification-training-providers>

Q36. What should my written policies and procedures document cover?

Regulation 19 sets out details on policies, controls and procedures and further guidance is included in chapter 3 of AMLGAS.

Firms are required to establish and maintain policies, controls and procedures to mitigate and manage effectively the risks of money laundering and terrorist financing identified in the business risk assessment under regulation 18. Records must be maintained in writing as set out below.

The main areas set out in the regulations where policies, controls and procedures are required are:

- a. risk management practices;
- b. internal controls;
- c. customer due diligence;
- d. reliance and record keeping;
- e. the monitoring and management of compliance with, and the internal communication of, such policies, controls and procedures.

Policies and procedures should also provide for the identification and scrutiny of complex/unusually large transactions with no apparent economic or legal purpose. Full details of the requirements are set out in regulation 19 and section 3.5 of AMLGAS.

It is also a good idea to indicate how staff should make reports to the MLRO or as a sole practitioner to include a section which indicates you understand the procedure to be adopted if you come across proceeds of crime and need to consider making a suspicious activity report.

The procedures should be easy to understand and follow for all staff. The policies and procedures required will depend on the nature, scale, complexity and diversity of the business. The document does not therefore have to be lengthy if it is not merited in relation to that business.

Businesses should have different risk categories in relation to their clients or areas of work (high, medium and low) and their policies and procedures should indicate the different approach that should be taken in each risk area.

It is recommended that firms should regularly review and update the policies, controls and procedures (considering them at least annually is advisable). Records should be maintained in writing of:

- i. the policies, controls and procedures;
- ii. any changes to those policies, controls and procedures made as a result of the review and update required by sub-paragraph;
- iii. the steps taken to communicate those policies, controls and procedures, or any changes to them, within the relevant person's business.

Supervised firms report to us that they like to use template documents. The CIOT and ATT have prepared further guidance on policies and procedures and a proforma document which members can

use and amend for their own practice. This proforma is most suitable for small firms such as sole practitioners or 2 partner/2 director general practice firms. The guidance and proforma documents can be accessed [here](#)²³ (CIOT) and [here](#)²⁴(ATT).

Larger firms or niche tax practices may prefer to use the proforma documents supplied by some of the training providers detailed on the websites [here](#)²⁵ (CIOT) and [here](#)²⁶ (ATT).

Client Due Diligence (CDD) Requirements

A considerable amount of information on client due diligence is included in AMLGAS.

Q37. When I take on a client I just want to get on with the work for them. What is the point of having to carry out CDD particularly if I have known them for years?

CDD must be undertaken because it is a legal requirement. In addition, it will help you to make informed decisions about the client's professional standing and acceptability.

The purpose of client due diligence is to know and understand a client's identity, the way in which their business operates and the sources of their funds so that money laundering or terrorist financing risks can be identified and managed. AMLGAS includes further details on this area in Chapter 5. Clients are generally used to providing CDD documents as they are also required by other regulated businesses such as banks and solicitors. Of course, if you know a client well it may mean you already know a lot of background information about them which you can note down as part of your client due diligence. You should however also be careful not to turn a blind eye to money laundering or terrorist risks because you know or are related to someone or use perceived familiarity as an excuse for not updating CDD as circumstances change. See Q42.

Q38. Does CDD have to be undertaken before I start work for a client?

You should normally identify and verify the identity of your client (and anyone purporting to act on their behalf and any beneficial owner) before the establishment of a business relationship. Accepting instructions and/or starting work for someone would count as establishing such a relationship.

²³ <https://www.tax.org.uk/membership-and-events/anti-money-laundering-and-counter-terrorist-financing/guidance/guidance-and>

²⁴ <https://www.att.org.uk/guidance-pro-forma-documents-use-small-firms-supervised-att>

²⁵ <https://www.tax.org.uk/membership-and-events/anti-money-laundering-and-counter-terrorist-financing/id-verification-and>

²⁶ <https://www.att.org.uk/members/anti-money-laundering/id-verification-training-providers>

However, exceptionally Regulation 30 allows verification to be completed during the establishment of a business relationship if:

- This is necessary not to interrupt the normal conduct of business, and
- 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. However, it is perhaps difficult to maintain in many circumstances that tax work meets the first condition.

Q39. I have heard that I should be checking the financial sanctions and proscribed terrorist group lists. Where do I find these?

You are correct. Businesses must comply with any sanctions, embargos or restrictions and you should therefore check the following lists as part of your client due diligence processes:

[Who is subject to financial sanctions in the UK?](#)²⁷

[Proscribed terrorist groups or organisations](#)²⁸

AML newsletter 20 refers to further information on Financial Sanctions Reporting Obligations. The AML newsletters can be accessed [here](#).²⁹

If you come across a client who is on the lists you need to do a sanctions report and a suspicious activity report. The article [here](#)³⁰ gives additional information.

The financial sanctions lists also provide an indication of clients based in high risk countries. For further details on high risk third countries please refer to Q40.

Q40. I understand that I should do enhanced due diligence (EDD) on clients based in high risk third countries. Which lists should I check in relation to which country is a high risk third country?

You are correct. EDD must be undertaken where a client is based in a high risk third country. For these purposes the regulations specifically state that “a “high-risk third country” means a country which has been identified by the European Commission in delegated acts adopted under Article 9.2 of the fourth money laundering directive as a high-risk third country”. It is therefore important for members to be aware of the countries identified on the EU list and ensure EDD is applied as required.

²⁷ <https://www.gov.uk/government/publications/financial-sanctions-consolidated-list-of-targets>

²⁸ <https://www.gov.uk/government/publications/proscribed-terror-groups-or-organisations--2>

²⁹ <https://www.tax.org.uk/members/anti-money-laundering-and-counter-terrorist-financing/newsletters>

³⁰ <https://ofsi.blog.gov.uk/2018/05/22/reporting-to-ofsi-how-working-together-helps-makes-sanctions-more-effective/>

The European Union's original High Risk Third Country List can be accessed [here](#)³¹, amended in [March 2017](#)³² and [October 2017](#)³³. In addition a new list was adopted on 13th February 2019 and the relevant details can be accessed [here](#)³⁴.

Other lists of high risk countries are also available and you should also refer to the following when considering the geographical risks in relation to clients:

- [financial sanctions listings](#)³⁵
- countries identified by Financial Action Task Force as being [high-risk jurisdictions](#)

Q41. Can I use electronic ID when doing CDD?

Use of electronic ID verification is not obligatory.

Whilst electronic verification may be sufficient in some cases to comply with AML 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:

- obtaining some other source material, such as
 - getting a trusted third party (such as a fellow CTA / ATT, accountant or solicitor – also see [Q52](#) 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;

³¹ <https://eur-lex.europa.eu/legal-content/EN/TXT/?qid=1509960809075&uri=CELEX:32016R1675>

³² <https://ec.europa.eu/transparency/regdoc/rep/3/2017/EN/C-2017-1951-F1-EN-MAIN-PART-1.PDF>

³³ <https://ec.europa.eu/transparency/regdoc/rep/3/2017/EN/C-2017-7136-F1-EN-MAIN-PART-1.PDF>

³⁴ http://europa.eu/rapid/press-release_IP-19-781_en.htm

³⁵ <https://www.gov.uk/government/collections/financial-sanctions-regime-specific-consolidated-lists-and-releases>

- 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.

Details of some of the providers of electronic ID verification are included on the CIOT/ATT websites [here](#)³⁶ (CIOT) and [here](#)³⁷ (ATT).

Q42. 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 and need to be able to evidence this regular review.

Guidance on ongoing monitoring of the client relationship is set out in sections 5.2.5 to 5.2.8 of AMLGAS. This guidance refers to event driven and periodic reviews. There does not necessarily need to be a full refresh of CDD at the time of the review but there should be a consideration of whether the CDD is up-to-date.

Q43. If a client's passport has expired, do I have to get a new copy to fulfil my CDD requirements?

No, it is not necessary to obtain a copy of a client's current passport if the one used for original identification purposes has expired. You have already identified them using the original passport.

³⁶ <https://www.tax.org.uk/membership-and-events/anti-money-laundering-and-counter-terrorist-financing/id-verification-and>

³⁷ <https://www.att.org.uk/members/anti-money-laundering/id-verification-training-providers>

However, if the individual has, for example, changed their name you should consider asking for updated documentation for your CDD records.

Q44. Do I have to get documentary evidence of the source of funds or source of wealth for all my clients?

AML CDD requires a risk based approach. If a client is subject to enhanced due diligence (EDD) then you should consider asking for more documentary evidence of the sources of funds and wealth. If simplified due diligence is appropriate to the client and the source of funds for a transaction are understood and consistent with what you know about the client it may not be necessary to obtain copies of documentation. The following examples may be helpful:

- An overseas client is looking to invest in UK property and you have not met them face-to-face. This is a potentially higher risk situation where EDD is likely to apply therefore there is a need to undertake further checks and obtain relevant documentary evidence.
- A client had told you the previous year that the reason for the delay in providing his tax return information was because he has been looking after his father who was seriously ill but had now passed away (the return was submitted and tax paid on time). The next year the client indicates that they are buying a holiday home and when the source of funds is queried the client states that it comes from money inherited from their father. Depending on the circumstances you may still want to check the documentary evidence but where you consider the AML risk to be low the explanations provided might be sufficient.
- A company asks for VAT advice on a property transaction they are undertaking. You have acted periodically for this company for a number of years and see copies of their accounts. Whilst the advice relates to a small part of the overall transaction it is still important to understand the company set up sufficiently to determine that there is no MLTF risk for example you need to be happy that it is not a shell company being used to launder money. You may visit the properties and see copies of the accounts showing profits reinvested in new property purchases or new loans being added to the balance sheet and evidence such as this may be sufficient to meet the requirements.

Q45. I know all of my clients really well and consider the AML risk in relation to each one. Do I have to have a written risk assessment for each one?

Yes. Risk review of clients is an important part of client due diligence and managing MLTF risk.

AMLGAS sets out the three stages of CDD. Identification, risk assessment and verification. Each of these stages interact as information gathered will inform risk assessment which may in turn indicate further identity information is required or more verification is needed etc. Documenting the initial risk assessment of the client and subsequent reviews therefore evidences that risk on that individual client

has been considered and taken into account and that the requirements of the regulations are being met.

Members can record CDD in the way they consider most helpful (subject to data protection restrictions). Members advise us how they record risk reviews and these include:

- Specialist AML risk review software;
- Spreadsheets recording initial risk assessment and dates of review;
- Notes on the permanent file;
- Notes on the inside cover of the tax return files updated on an annual basis.

There may be alternative methods which are more appropriate to your individual practice.

Q46. What is enhanced due diligence (EDD) and when do I need to consider doing it?

As set out in chapter 5 of AMLGAS EDD 'must include:

- as far as reasonably possible, examining the background and purpose of the engagement, and
- Increasing the degree and nature of monitoring of the business relationship in which the transaction is made to determine whether that transaction or that relationship appear to be suspicious.'

It may include obtaining additional independent sources to verify information provided by the client and other additional checks.

Regulation 33 sets out a number of circumstances where EDD is mandatory:

- a. in any case identified as one where there is a high risk of money laundering or terrorist financing;
- b. in any business relationship or transaction with a person established in a high-risk third country;
- c. in relation to correspondent relationships with a credit institution or a financial institution (in accordance with regulation 34);
- d. if a relevant person has determined that a customer or potential customer is a PEP, or a family member or known close associate of a PEP (in accordance with regulation 35);
- e. in any case where the relevant person discovers that a customer has provided false or stolen identification documentation or information and the relevant person proposes to continue to deal with that customer;
- f. in any case where:

- i. a transaction is complex and unusually large, or there is an unusual pattern of transactions, and
 - ii. the transaction or transactions have no apparent economic or legal purpose; and
- g. in any other case which by its nature can present a higher risk of money laundering or terrorist financing.

The regulations include a number of areas to consider when determining whether there is a high risk of money laundering or terrorist financing (see appendix E of AMLGAS).

Q47. I was previously told that EDD is required where a client is not met face-to-face. This is not on the list in MLR 2017 so is it still required?

Whilst not meeting clients face-to-face is not specifically mentioned in the legislation you do need to do EDD in any case identified as one where there is a high risk of money laundering or terrorist financing. There may be a reason why you cannot meet a client face-to-face and you may consider based on the identification details provided and verified that the money laundering/terrorist financing risk is not high. However, in many cases practitioners may consider that there are higher risks when they have not met a client face-to-face and where you have any concerns EDD should be undertaken.

Q48. Should I do EDD on businesses where a high percentage of their turnover is received in cash?

One of the customer risk factors set out in MLR 2017 relates to where 'the customer is a business that is cash intensive'. Therefore, you do need to consider the risks relating to cash intensive businesses and ensure appropriate CDD and ongoing monitoring is undertaken. You may also want to consider whether these clients should have an individual risk rating of 'high'. Additional monitoring on cases such as this could include:

- Regular discussions with the client about ensuring all cash transactions are recorded and explaining the implications if a tax return is not complete.
- Querying unexplained payments into the bank account.
- Checking whether income looks to be in line with other businesses in the same sector.

This not an exhaustive list.

Members are reminded of the requirements in Professional Conduct in Relation to Taxation (PCRT) (see [here](#)³⁸ for CIOT and [here](#)³⁹ for ATT) where they come across an irregularity in a client's tax affairs.

Q49. I understand that it is possible to do simplified due diligence (SDD) under MLR 2017. When are you able to do this?

The application of simplified due diligence is set out in regulation 37. It is no longer the default option for certain entities such as listed companies.

SDD can be applied where there is considered to be a low risk of money laundering and terrorist financing having taken into account risk assessments available and risk factors set out in the regulations. The risk factors are also included in appendix E of AMLGAS.

If challenged members will need to justify why SDD was appropriate and will need to maintain suitable records.

Q50. Now requirements on EDD and SDD are set out in the regulations does that mean that Standard Due Diligence no longer applies?

Standard due diligence continues to be required as before. It is the required level of due diligence unless you are aware that the EDD requirements apply or where SDD cannot be justified.

Remember that the CDD required must be considered on an individual basis for **each client**.

Q51. If my client has been introduced to me by another firm, do I still need to do CDD on them?

You can rely on the CDD undertaken by the other firm but there are strict criteria which must be met including the requirement for a **written reliance agreement**. Further details are set out in Regulation 39 and there are also details in 5.3.28 to 5.3.31 of AMLGAS.

Reliance on CDD should not be entered into lightly. Even though you are relying on another's CDD you remain liable for any failure to comply. For this reason many advisers obtain certified copies of CDD from the original adviser instead in order to fulfil their CDD obligations.

You should also be aware that even if a reliance agreement is in place the client still has to be risk reviewed and you are still required to do ongoing monitoring.

³⁸ <https://www.tax.org.uk/professional-standards/professional-rules/professional-conduct-relation-taxation>

³⁹ <https://www.att.org.uk/members/professional-standards-ethics/professional-conduct-relation-taxation>

Q52. I often obtain certified copies of client due diligence documents. What requirement is there in relation to the person certifying?

[Joint Money Laundering Steering Group](#)⁴⁰ guidance (see the glossary at the start of the document) states that:

An appropriate person in relation to the certification of documentation is:

“Someone in a position of responsibility, who knows, and is known by, a customer, and may reasonably confirm the customer’s identity. It is not possible to give a definitive list of such persons, but the following may assist firms in determining who is appropriate in any particular case:

- The Passport Office has published a list of those who may countersign passport applications: <https://www.gov.uk/countersigning-passport-applications/accepted-occupations-for-countersignatories>
- Others might include members of a local authority, staff of a higher or further education establishment, or a hostel manager.”

The passport office list includes the “member, associate or fellow of a professional body” so this includes a wide range of professionals.

If a client has their documents certified overseas you would need to do a check on the status of the certifying individual in the relevant country and do any necessary verification.

Q53. What due diligence is required in respect of companies?

Listed Companies

MLR 2017 now makes it clear that you do not need to obtain details of a beneficial owner of a listed company and sets out precisely what details are required which are:

- Company name and number
- Address of Registered office and, if different, place of business

Unlisted Companies & LLPs

For unlisted companies and LLPs the following information must be obtained and verified:

- Company name and number
- Address of Registered office and, if different, place of business
- Articles of association or other governing documents and the law it’s subject to

⁴⁰ <http://www.jmlsg.org.uk/>

- Names of board members and senior persons responsible for operations
- Shareholders/members who own or control 25% of the shares or voting rights or any individual who otherwise exercises control

MLR 2017 makes it clear that reliance cannot be placed solely on Companies House information and therefore it will be necessary to ask the customer for this information as well. Regulation 43 requires the corporate body to provide the above information and details of its legal owners and beneficial owners if requested by you.

As before beneficial owners will have to be identified and reasonable steps must be taken to verify their identity. MLR 2017 makes it clear that reliance cannot be placed solely on Companies House information for details of beneficial ownership and therefore it will be necessary to ask the customer for this information as well. Companies House records can of course be a useful source of verification of details provided by the customer. Regulation 43 requires the corporate body to provide the above information and details of its legal owners and beneficial owners if requested by you.

Q54. What due diligence is required in relation to trusts?

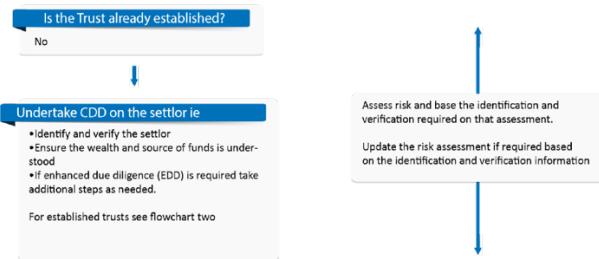
(For further details refer to regulations 6 and 44 MLR 2017.)

There are tougher rules on checking the beneficial owners of trusts. The definition of the beneficial owner for AML purposes has been expanded and includes the settlor, trustees, beneficiaries and anyone with control of the trust (Regulation 6). Where all the individual beneficiaries have yet to be determined the beneficial owner includes the class of persons in whose main interest the trust is set up or operates. Where it is not possible to identify all the beneficiaries it may be acceptable to establish the class of persons who are beneficiaries or potential beneficiaries under the trust.

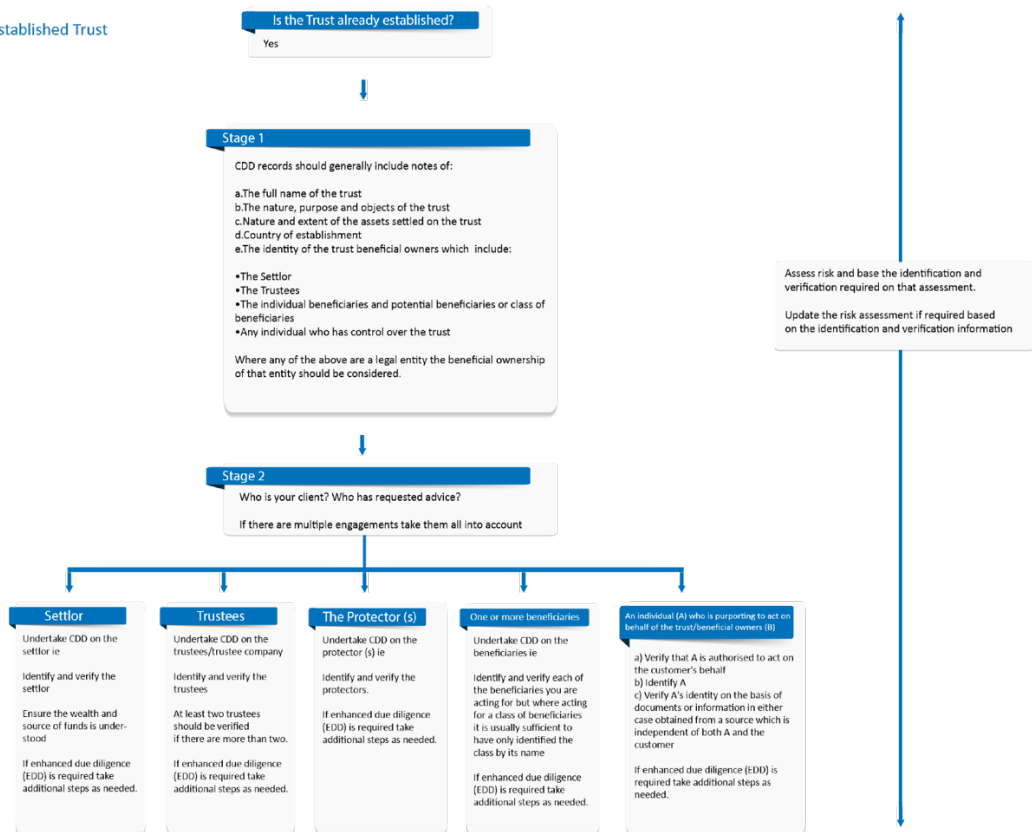
Firms must take reasonable measures to verify beneficial ownership. Trustees will have to keep a record of the beneficial owners and they must provide details if requested where a business relationship has been entered into. Where during the course of the business relationship these details change then trustees must notify the relevant person within 14 days.

A register of trusts is maintained by HMRC. Where a trust has a tax liability in respect of income tax, CGT, IHT, SDLT, land and buildings transaction tax or stamp duty reserve tax the trustees have to supply specified information to HMRC for inclusion in the register. This is similar to the register of people with significant control (PSC register) introduced for companies. The flowcharts below aim to set out an approach to obtaining appropriate CDD for trusts.

Flow chart One - The establishment of a trust



Flow Chart two - An established Trust



Q55. The company formation agent which I use has started to ask me for certified copies of client due diligence. Why is this?

Under Regulation 4 (2) CDD must now be undertaken where a company is being formed for a customer. This is the case even where that is the only transaction required for the customer. This is the reason why company formation agents request certified copies of documents.

Q56. How often should CDD and risk assessments be reviewed?

Guidance on ongoing monitoring of the client relationship is set out in sections 5.2.5 to 5.2.8 of AMLGAS. This guidance refers to event driven and periodic reviews. It is helpful to consider both CDD and risk reviews together when undertaking any review.

There does not necessarily need to be a full refresh of CDD at the time of the review but there should be a consideration of whether the CDD is up to date. It is advisable to periodically consider the risk associated with each client and note that review/any changes in risk assessment.

Some members find it helpful to do these reviews once a year during a quiet period whilst others like to deal with it on a case by case basis when an annual piece of work is being completed or the next piece of advisory work is started.

Training

Q57. What are my responsibilities for training new members of staff, one of whom claims to have already received AML training at their previous employment?

As it is your responsibility under Regulation 24 of MLR 2017 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 2017 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 24 states that training should be given ‘regularly’. This is particularly important where AML legislation is amended or an individual’s job changes.

A written record must be maintained of training provided.

Q58. Where can I get AML training from?

A list of known AML trainers in the UK can be found on our websites [here](#)⁴¹ (CIOT) and [here](#)⁴² (ATT). However, please note the CIOT and ATT does not endorse any external products or organisations.

Suspicious Activity Reporting

Q59. How do I make a Suspicious Activity Report (SAR)?

In order to make a SAR you need to register with the National Crime Agency (NCA) using the following [link](#).⁴³

It is a good idea to register even if you are not currently considering making a SAR. This ensures you are ready if a SAR ever needs to be made and there is additional guidance available on AML related issues.

Please see appendix one to this set of FAQ which includes the NCA November 2017 signpost to SAR guidance and notes prepared for the accountancy sector to assist with the completion of a SAR form.

The notes have been prepared by a money laundering reporting officer (MLRO) in a large accountancy firm. When completing the report you should note 'no information' where you are not able to complete that section.

Q60. Several other parties are acting for a client in relation to a transaction. As one of the other parties is likely to be making a SAR do I need to do one as well?

If you have knowledge or suspicion of money laundering then you need to fulfil the legal requirement on you to make a report. The NCA may get several reports about the same issue but these may all provide additional information to assist them with their case. It may result in additional queries in relation to compliance with MLR 2017 if some parties to a transaction report and others do not and you should bear that in mind.

⁴¹ <http://www.tax.org.uk/members-area/anti-money-laundering-and-counter-terrorist-financing/id-verification-and-training>

⁴² <http://www.att.org.uk/members/anti-money-laundering/id-verification-training-providers>

⁴³ [https://www.ukciu.gov.uk/\(pti1v145322oty55ufu1b43u\)/SARonline.aspx](https://www.ukciu.gov.uk/(pti1v145322oty55ufu1b43u)/SARonline.aspx)

Q61. I have a suspicion about someone who never became a client. Is there a responsibility to do a SAR?

If you have come across information in the course of your business there is still a requirement to make a SAR even if the party involved never became a client.

Similarly if you come across information after the client relationship has ceased you would still need to consider making a report.

Other

Q62. What additional safeguards should I put in place if I handle client money?
Client accounts

Guidance on the requirements when handling client money in general are set out in section 7.6 of Professional Rules and Practice Guidelines which are available on Professional Standards pages of both the CIOT and ATT websites. You must be alert to the potential money laundering risks associated with handling client money and should make sure you know the source of the funds, the reason why the client's money is being processed through your client account and consider carefully whether there might be money laundering implications if the client wants money paid to a third party.

Client's own bank account

If you have access to a client's own bank account it is essential to have a very clear written agreement with your client on the management of their money. Your authority to access the account should be given in writing to the bank by the client and acknowledged by the bank. Where for example, you are asked to make payments for the client or are a counter signatory on the cheque book you should take care to make sure all payments made are legitimate and that your services are not facilitating money laundering by the client. Where applicable, make sure there is an authorisation process for payments of your own fees to ensure that there is no accusation from the client of unauthorised payments or inappropriate use of client money.

Many online accounts now include fraud protection warnings when payments are being made and set up. Members must always be vigilant to ensure that payments are only made to genuine bank accounts and in relation to valid amounts due by their clients.

Criminal Finances Act

Q63. Do we need to consider the implications of the Criminal Finances Act 2017 and the 'Corporate offences of failure to prevent the criminal facilitation of tax evasion' in addition to AML requirements?

When operating through incorporated bodies (typically companies) or partnerships members will need to consider what policies and procedures they need in place to address potential issues in

relation to the corporate offences of failure to prevent the criminal facilitation of tax evasion. Further guidance is available on the CIOT website [here](#)⁴⁴ and the ATT website [here](#)⁴⁵.

Whistleblowing

Q63. Does CIOT/ATT have an AML Whistle Blowing Policy?

Yes, our Whistleblowing Policy is as follows:

CIOT/ATT strongly supports the UK government's drive to combat Money Laundering and Terrorist Financing and feel it is paramount for our members to help the fight.

If you come across anybody that under the Money Laundering Regulations 2017 appears to be ignoring their obligations, including not appearing to be supervised at all don't ignore it. If you think they are a member of CIOT or ATT (you can check whether they are on [Find a CTA](#) or [Find an ATT](#)), please notify us and make any complaint to our independent disciplinary body, the [Taxation Disciplinary Board](#).

Otherwise, check whether they are supervised for AML by [HMRC](#) and if so, refer them accordingly.

If you can't find the name of a known supervisor, please contact the HMRC MLR Registration Team on their confidential enquiry line +44 (0)1702 366 312 or advise HMRC through their Central Intervention Team email inbox MLRCIT@hmrc.gsi.gov.uk.

⁴⁴ <https://live-ciot.pantheonsite.io/professional-standards/general-guidance/criminal-finances-act-2017>

⁴⁵ <https://www.att.org.uk/other-guidance>

Appendix One – NCA November 2017 Signpost to SAR Guidance and notes to assist when completing the SAR template.

November 2017 Signpost to SAR Guidance

The UK Financial Intelligence Unit (UKFIU)

Information about the UKFIU, the Suspicious Activity Reports (SARs) regime and guidance notes can be found on the NCA website www.nationalcrimeagency.gov.uk.

The UKFIU section of the website can be found by navigating from the home page: About us/What we do/Economic Crime Command/UK Financial Intelligence Unit.

Hyperlinks to UKFIU guidance notes can be found on the UKFIU's pages.

Documents can also be found by using the 'search' box in the top right hand corner of each web page.

A link to SAR Online is also available in the top right hand corner of each page of the NCA website.

Useful reference documents

- SARs Annual Report 2017
- Guidance on Submitting Better Quality SARs v1.0 (September 2016)
- SAR Glossary Codes and Reporting Routes v3.0 (January 2017)
- Requesting a Defence under POCA and TACT v1.0 (July 2016)
- Vulnerable Persons Reporting Routes v1.0 (November 2016)
- SARs Reporter Booklet (February 2017)

Useful contacts

Defence Against Money Laundering (DAML)

All contact with the DAML Team is via email: DAML@nca.x.gsi.gov.uk

Queries regarding SAR Online/general enquiries

Telephone 0207 238 8282 – option 2 or 3.

Email – ukfiusars@nca.x.gsi.gov.uk

**Accountancy Sector
Suspicious Activity Report (SAR) - Template**

NO.	SECTION	DETAIL	ADDITIONAL REMARKS	SAMPLE TEXT
1.1	Introduction - the introduction allows the reporter to explain in simple terms how and where the suspicion has arisen. This can be a very short summary to help law enforcement understand the context of the report, and what other information may be available.	Outline the suspicion and the circumstances in which it arose. State whether the report relates to suspected money laundering or terrorist financing activities.		The following [money laundering/terrorist financing] suspicion has arisen in the course of providing professional services [describe the generic service] to [name of client/recipient of the service] who is a [describe their activities and general location].
1.2		Describe the nature of the professional services being provided	State PROFESSIONAL SERVICES at the beginning of the text to identify the context. Provide a brief explanation of the services being provided where they are relevant to the suspicion. Where possible, use codes for accountancy -specific services (see Appendix)	The professional services being provided are statutory audit of [financial statements / personal tax compliance / administration of a pension scheme / financial due diligence / transactional advisory services]
1.3		Name the client / recipient of the service (if relevant to the suspicion being reported) Identify Main Subject / Associated Subjects	s337(1) POCA protects reporters from any potential breaches of confidentiality. However, consider whether this information is directly connected to the suspicion being reported. Where there are multiple parties, restrict the number of Associated Subjects to those directly connected with the suspected ML/TF activity - give details of other parties and their involvement (victim, suspect, unknown) in section 2. For individuals, include (where known): full name(s), date(s) of birth, nationality, identification number(s), full address(es) including postcode(s), telephone numbers. For entities, include (where known) full legal name, any trading name(s), country of incorporation, registered addresses, trading/business addresses, details of beneficial ownership (if relevant to the suspicion). Indicate where addresses are current, previous, last known, business, residential etc. State where information is not known e.g. address UNKNOWN.	
1.4		Describe their activities / location	This can include job title, Companies House reference, email or IP address, or a summary from a directory/website.	
1.5		Describe the situation in which the knowledge/suspicion arose		E.g. meetings with the management / audit committee / finance director, reviewing documents relating to
1.6	Where a previous report has been submitted, reference should be made here to assist law enforcement.	Give the date [month/year] and [URN]	If you include the URN for the previous SAR, ensure you use the UK FIU URN for that previous SAR and not your own reference number.	The suspicion was initially reported in [date and URN]. Further detail has now been obtained as a result of [describe additional update].
1.7		Describe the reason for providing an additional update		Information received from the client / further review of information in the course of the engagement / discussions with third parties
2.1	Suspicion or Knowledge - in this section, explain the context, introduce the Associated Subject(s) if relevant, and describe the criminality which has been discovered. Explain what the proceeds of crime consist of, and quantify them if possible.	Describe what has been heard or observed	Explain how the criminal activity has taken or will take place.	In the course of providing professional services [describe the nature of the professional services] the reporter [describe what has been heard or observed].
2.2		Describe the nature of criminal property and quantum (if known)	Provide a chronological sequence of events where possible. Avoid jargon, acronyms and abbreviations. Give details of any documentation or sources that may be relevant. State if the value or quantum is UNKNOWN. An estimate is still useful, provided the fact that it is an estimate is clearly stated. Give as much information as possible regarding the suspected criminal / terrorist property, e.g. location, address.	The suspected proceeds of crime are [describe the type and quantum - e.g. property worth Ex, cash totalling Ex, other movable stolen property, unpaid tax].

**Accountancy Sector
Suspicious Activity Report (SAR) - Template**

2.3		Describe the reason for the suspicion	Who is involved? How are they involved? Where is the criminal / terrorist property? When and how did your knowledge/suspicion arise? Why do you know or suspect the property is criminal / terrorist property?	
2.4		If known, insert the relevant glossary code at the beginning of this section.	This will help the NCA to more quickly assign and cross-reference the information. Where no glossary codes are available, state NO CODE APPLIES.	
2.5		Other parties - identify any other party/parties involved.	Includes addresses and dates of birth if known - state if not known.	
2.6		Include any other information that is relevant to the knowledge/suspicion and can be shared.	Do not include attachments.	
3.1	Reason for disclosure - this is the place to make the connection between the knowledge/suspicion and the ML/TF activity, by identifying the criminal activity, linking it to the criminal proceeds and describing the ML/TF offence.	Who is known/suspected to have engaged in criminal activity?	Refer to the Main Subject, Associated Subject, etc.	
3.2		Describe the criminal activity	Describe the conduct as you understand it - what do you think is happening? What is the conduct that has raised concerns? If you know the specific legislation (eg Bribery Act, Theft Act, Fraud Act) you may refer to this and describe the criminal conduct using the language in the legislation (eg fraud by misrepresentation).	The Main Subject is suspected of [describe the criminal activity], such activity being considered an offence under [name of legislation, if known]. As a result of this criminal activity, it is suspected that the [Main Subject] may have [ML/TF offence] [SAR Code XXXXXX] the proceeds of crime and as a result may have committed money laundering / terrorist financing offences under POCA 2002 / TA 2000.
3.3		What is the money laundering / terrorist financing offence?	Money laundering: concealing/acquiring/use/possession/becoming concerned in an arrangement Terrorist financing: fundraising/use or possession/arranging/concealing etc	
3.4		Use relevant SAR code for ML/TF activity	XXD5XX Concealing / XXD6XX Transferring	
4.1	Other Information - If known, state whether the suspicions have already been reported to the relevant authorities, or whether further reports may follow. Similarly, if you are aware of other relevant proceedings, including civil proceedings to recover the criminal / terrorist property, or the individual has been dismissed, these should be reported.	Name of law enforcement body. Include relevant reference number if known.	Metropolitan Police HMRC SFO FCA Interpol	It is believed that the matter has already been reported to [name of relevant law enforcement or government body] on [include date and year if known]. It was reported that the [relevant individual] has [action taken]. It is understood that there are proceedings underway involving [parties] to [purpose of proceedings].
4.2		Relevant individuals	Main Subject / Associated Subject etc Name any known parties to any relevant proceedings	
4.3		What has happened?	Dismissed by their employer / contract terminated / ongoing SFO investigation	
5.1	Defence against money laundering (XKS99XX) - You are seeking a defence to carry out a prohibited act (e.g. to continue with a matter that you know or suspect involves ML).	Prohibited act - consider whether a defence is required. What is the prohibited act (i.e. the specific ML offence) you are seeking a defence for? Specify the section in POCA (sections 327-329) - this depends on whether the act involves dealing with the criminal proceeds in some way (s327), arranging or facilitating the use, control, acquisition or retention of such proceeds (s328) or involves the acquisition, use or possession of the proceeds (s329).	A defence cannot be granted simply to continue acting for a client.	This SAR seeks a defence to a money laundering / terrorist financing offence in relation to [describe transaction] under section 327*/328*/329* POCA 2002. Set out the amount or value of the suspected criminal proceeds or the best estimate of this amount or value (indicate whether the amount is an estimate). * delete as appropriate
5.2		Relevant individuals - identify the individual(s) you know or suspect to be involved in ML	Give details of the vendor/purchaser in a sale/purchase, give the amount of any consideration / transaction value.	

**Accountancy Sector
Suspicious Activity Report (SAR) - Template**

5.3		Rationale - what is the basis for the knowledge/suspicion? What are the events/activities that led you to become suspicious?	The report may be relied upon to make the decision to complete a transaction, or the liquidator will make payments to creditors or take possession of criminal property.	
5.4		Describe the criminal property - to enable the NCA to consider and assess the application	Include a description of the criminal property, its whereabouts (eg bank details), and its amount or value	
5.5		Describe the next steps to be taken in the matter / transaction	Provide a timetable of steps you need to take	
6.1	Contact details	Name of MLRO	The NCA maintains a list. This can be the Deputy MLRO if necessary.	If you require any further information, please contact our MLRO [name of MLRO] on [contact details].
6.2		Contact details	Include work or mobile numbers, and email addresses.	

Definition: Money laundering is used to describe any activity which involves dealing in, using, possessing, retaining, converting or disguising or otherwise benefitting from proceeds of crime. It also includes any involvement in arrangements which facilitate such dealings, use, retention, possession or other benefit.
Proceeds of crime include any monies or assets which derive directly or indirectly from any criminal conduct, for example, tax evasion, theft, fraud or corruption.