

**Chartered  
Institute of  
Taxation.**

# AML SUPERVISION IN AN EVOLVING LANDSCAPE

**CIOT and ATT ANNUAL  
AML SUPERVISION REPORT  
2023/2024**

# Contents

Foreword	3
What CIOT and ATT do as AML Supervisors	4
Who we supervise	5
A risk based approach	6
How we supervise	7
Supervision visits	8
Enforcement action	9
Main themes arising from the monitoring programme	10-11
Other areas of work	12
Reflections on 2023/24 and what comes next for CIOT and ATT AML Supervision?	13-14
Appendix One – Infographics	15-16
Appendix Two – AML Supervision Case studies	17-18
Case study one	17
Case study two	17
Case study three	18
Case study four	18
Appendix Three - Guidance for Supervised Firms	19

# Foreword

The CIOT and ATT strongly support the UK's drive to combat money laundering, terrorist financing and proliferation financing. We recognise that AML supervisory activity is a key element in the fight against financial crime.

The National Risk Assessment (NRA) advises that the risk of money laundering through tax advisers (and accountancy service providers more generally) remains high. These services remain attractive to criminals due to the ability to use them to gain legitimacy and risks are at their highest when firms do not fully understand AML risks and do not implement appropriate risk-based controls. Firms can therefore be exposed to AML risks unwittingly or through negligence.

The CIOT and ATT work together in providing AML supervision to their members. This report sets out the supervisory actions taken by both bodies during the period 6 April 2023 to 5 April 2024.

CIOT and ATT supervisory activity seeks to support supervised firms to manage and mitigate the risks they face. We seek, wherever possible, to work with firms to bring them into compliance. However, there is a requirement on us to take effective, proportionate and dissuasive disciplinary measures where non-compliance is identified, and this is dealt with through the independent disciplinary body, the Taxation Disciplinary Board (TDB). During 2023/24 we implemented some operational changes in relation to the disciplinary team to improve these disciplinary processes.

Through our wide-ranging supervisory activity, we have identified that most firms who are supervised by CIOT/ATT are compliant or generally compliant with the requirements of the legislation but on occasion it is necessary to issue action plans. Areas identified during 2023/24, where some supervised firms needed to focus their attention in order to become fully compliant, are set out in this report. Our approach is first to work with firms to support bringing them into compliance and only if progress is not made do we refer the firm for disciplinary action.

Our strength as supervisors stems from the facts that:

- we have small supervised populations of tax advisers relative to our scale as professional bodies; and
- our supervisory staff and the management team come in the main from tax backgrounds and understand well both the risks in this field and the practical ways to address those risks and fulfil the requirements of The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (as amended) (MLR).

AML compliance should never be a tick box exercise but those not meeting the basic requirements do expose themselves to risks and to falling into the category of negligent or unwitting professionals. Throughout the period we have continued to work with other AML supervisors (and other government agencies) through the Accountancy AML Supervisors' Group (AASG) and AML Supervisors' Forum (AMLSF) together with HM Treasury and the Home Office, and welcome collaboration with law enforcement and the National Economic Crime Centre (NECC) through the Professional Enablers initiative. We are dedicated to delivering effective AML supervision for our members as part of our efforts to combat financial crime, collaborating with the Office for Professional Body AML Supervision (OPBAS) to achieve this goal.

The 2023/24 period was one of continuing developments in legislation and requirements on firms and supervisors. We worked hard to comply with the updated OPBAS Sourcebook which was published in January 2023 and reviewed all areas of our work in accordance with the sourcebook requirements. Our OPBAS review took place in 2023/24, and our effectiveness was evaluated based on these updated requirements. We were pleased to work with OPBAS to provide them full data on how we operate as AML supervisors and whilst areas have been identified where we can improve still further, we welcomed the outcome of our OPBAS review.

CIOT and ATT support the need for change in the supervisory regime to achieve improved effectiveness and were pleased to provide comments on the consultation on reforming anti-money laundering and counter-terrorism financing supervision in September 2023. We await the response of the consultation and look forward to working with OPBAS and HM Treasury on changes to the AML supervision regime (and the regulation of the tax advice market) over 2024/25 and 2025/26.

Jane Ashton

Helen Whiteman

ATT CEO

CIOT CEO

# What CIOT and ATT do as AML Supervisors

The CIOT and ATT are, along with 21 other professional bodies, government appointed anti-money laundering supervisors. See [here](#) for the full list of professional body supervisors.

As AML supervisors it is our responsibility to ensure that tax advisory and accountancy firms run by our members:

- a. understand the AML/CTF/PF (anti-money laundering, counter terrorist financing and counter proliferation financing) risks facing their business and how to mitigate them; and
- b. comply with their AML/CTF/PF obligations.

Our performance and our effectiveness as Supervisors is monitored by the Office for Professional Body AML Supervision (OPBAS). We have regular contact with OPBAS, and they have conducted three assessment visits since they became operational in February 2018. The most recent assessment took place in February 2024 with no significant action points identified.

Each year we submit a report to HM Treasury giving detailed information about our supervisory activities for inclusion in HMT's annual report on AML and CTF supervision. The report published in 2024 related to the years 2022/23 and is available [here](#).

The CIOT and ATT Councils govern each body. AML is a standing item on the Councils' agendas and an AML report is provided for each meeting. Volunteer members also assist in our AML work. The Joint Professional Standards Committee has oversight of AML matters and receives reports at each of its quarterly meetings. The Joint AML panel, whose members have experience in AML compliance as money laundering reporting officers (MLRO) and in other related roles, provide insight into the operation of the MLR in practice. We are very grateful to these volunteers for the significant time and expertise they provide to improve our effectiveness as AML supervisors.

The internal management of AML supervision is the responsibility of the CIOT Director of Public Policy and the ATT Chief Executive. We have monthly AML management meetings which monitor key performance indicators and decide on matters of policy. The six staff in the Professional Standards team undertake the day-to-day supervisory work required and are completely separate from our membership team.

Externally, we work with other AML supervisors (and other government agencies) through the Accountancy AML Supervisors' Group (AASG) and the AML Supervisors' Forum (AMLSF). These groups provide the opportunity to work collaboratively to provide more effective supervision and information sharing.



## Who we supervise

The CIOT and ATT supervise firms where a member is the sole proprietor or where there is at least one member who is an equity partner, member of an LLP or company director listed at Companies House, and where the firm includes the provision of tax advice. Our AML supervision scheme rules are set out on the CIOT website [here](#) and the ATT website [here](#).

No changes were required to these scheme rules in 2023/24, but we continue to keep them under review. We check that members are meeting their AML obligations through our requirement for all members to complete an annual return. Those who are principals in a firm have to indicate who their AML supervisor is, which enables us to check our records and follow up to ensure compliance where required.

The services provided by our supervised populations are the provision of tax advice, tax compliance and complementary accounting services to a variety of clients ranging from individuals and small businesses to high-net worth individuals, and niche practices specialising, for example in expatriate tax or research & development.

The firms registered for AML supervision range from sole traders to firms of tax advisers/accountants with gross fee incomes varying between £300 to £15 million per annum (CIOT) and £500 per annum to £29 million (ATT). The majority of our supervised firms operate solely within the UK with only a small number of firms undertaking some operations outside of the UK.

CIOT's supervised population is made up of 399 firms and 459 sole practitioners. The total number of Business Owners, Officers and Managers (BOOMS) of CIOT firms and sole practitioner businesses applying for supervision in 2023/24 was 1,324. ATT's supervised population is made up of 270 firms and 348 sole practitioners. The total number of BOOMS of ATT firms and sole practitioners applying for supervision in 2023/24 was 839.

Firms must apply for supervision and undergo several checks before being accepted. They are also required to renew their status annually by submitting a detailed return. The return form includes questions relating to a firm's compliance with the MLR. Non-compliant answers are followed up and non-compliant firms are dealt with accordingly.



# A risk based approach

As required by the MLR we adopt a risk-based approach to supervision. We take into account the **National Risk Assessment (NRA)** issued in December 2020 which stated that overall the risk of money laundering through accountancy service providers (which includes tax advisers) remains high. It added that this is mainly because criminals seek legitimacy by using the services of these professionals and said:

“The risk is highest when ASPs do not fully understand the money laundering risks and do not implement appropriate risk-based controls, particularly where ASPs fail to register with a supervisor.”

We also take the **National risk assessment of proliferation financing** into consideration in our risk based approach, from September 2022 all regulated entities have been required to have a Proliferation Financing Risk Assessment in place, and during 2023/24 we updated our pro forma risk assessment document to include updated guidance on counter-proliferation financing for firms to tailor to their practice, these are available on the CIOT website [here](#) and on the ATT website [here](#).

The AASG Supervisory risk assessment (see the CIOT website [here](#) and the ATT website [here](#)) and the CIOT/ATT’s own risk assessment of the risks faced by the tax sector also inform our approach.

From information gathered from visits and discussions with supervised firms as well from other external sources we consider the main areas of risks for our supervised populations to be:

- a. The facilitation of tax evasion. This is borne out by the content of calls where members wish to discuss cases where they are considering whether it is appropriate to make a Suspicious Activity Report (SAR). These nearly always involve a client who has potentially and knowingly underpaid tax.
- b. Unwitting involvement in money laundering owing to lax policies and procedures and a failure to understand the serious regulatory requirements associated with the money laundering regulations 2017 and related legislation.

To assist firms with their understanding of AML and CTF risk and to promote improved compliance we provided the following webinars:

- April 2023 Professional Standards and AML Webinar including information about AML hot topics and the AML supervision renewal.
- November 2023 AML Webinar including topics such as Suspicious Activity Reporting and the New SAR Portal, sanctions, emerging risks, discrepancy reporting, whistleblowing, Register of Overseas Entity verification work and hints and tips on how to stay compliant based on our supervisory programme.

Details of past and upcoming webinars can be found on the CIOT website [here](#) and the ATT website [here](#).

We also issue alerts to supervised firms in relation to potential areas of specific risk and updates to guidance through our weekly news, newsletters to supervised firms and tax adviser articles. AML newsletters can be found on the CIOT website [here](#) and ATT website [here](#) and copies of Tax Adviser magazine can be found [here](#).

Sanctions risks remained a focus throughout 2023/24, and we continued to provide guidance to members through our helpline, websites, webinars and publications.

Emerging risks during the year included:

- Crypto assets – An emerging risk that we are currently monitoring is in relation to the use and taxation of crypto assets. We aim to provide members with guidance on the areas of potential risk and red flags associated with crypto assets.
- Verification of overseas entities – We have provided members with information on the verification of overseas entities on the CIOT website [here](#) and ATT website [here](#) and discussed the risk associated with verification of overseas entities work in our November 2023 AML webinar.
- Chinese underground banking and funds from China – we provided information on the emerging risk of Chinese underground banking and funds from China on the CIOT website [here](#) and ATT website [here](#) as well as in our November 2023 AML webinar.

Annual AML return work has also identified the risks of those in niche areas of tax work, such as capital allowances and those providing tax software, failing to understand when the services they provide bring them within the scope of AML supervision. In response we have liaised with HMRC and other bodies and have published website guidance in this area. We are continuing work with HMRC in 2024/25 to provide further clarity.

# How we supervise

Our aim in the first instance is to work with members to ensure they are equipped to be compliant. To help achieve this we:

- require completion of a detailed initial registration and subsequent annual renewal form
- follow up with firms which provide non-compliant answers on these forms
- bring changes to the legislation and practical points relating to AML raised by members or identified through our visit programme/review of registration forms to firms' attention through:
  - the issue of newsletters to all supervised firms (including intelligence alerts received through the intelligence sharing work of the AASG)
  - updates in the weekly newsletters which go out to all members
  - articles in Tax Adviser (the monthly magazine for members)
  - targeted emails to members
  - providing updated guidance on our websites
  - webinars and update sessions at conferences
- provide pro forma risk assessment and policies and procedures documents, these documents were updated in January 2024 to include proliferation financing and discrepancy reporting updates
- provide information about AML risks in the sector through work with AASG on the AASG supervisory risk assessment (risk outlook)
- provide a helpdesk which members can access by telephone or by email. Supervised firms are encouraged to contact us for guidance on how to meet the requirements of the regulations. In particular, we get regular queries from members about suspicious activity reporting. We talk through the facts they have come across and assist by pointing them to the relevant guidance but we make it clear that it's the MLRO or sole practitioner that ultimately needs to make the decision on whether to report or not.
- provide Anti-Money Laundering Supervision FAQs, these were updated in January 2024



# Supervision visits

Supervision visits not only give us the opportunity to check compliance but also to learn about the challenges firms face with AML compliance and to see some really good practice which we can then share with other supervised firms.

In accordance with the MLR all our supervised firms are given a risk rating. With the NRA in mind, given the potential inherent risks attached to tax work the minority of our firms are considered to be low risk.

Firms assessed as high risk, and firms with a higher medium risk profile are included in our programme of visits, as well as a small sample of medium and low risk firms. This covers a range of firms from sole practitioners through to the larger practices. The programme is flexible and when new risks are identified we can add visits to the schedule at short notice. For example, late registering firms were quickly slotted into the programme for AML visits as well as firms indicating non-compliance in AML renewal forms.

Firms selected for a visit have to complete a questionnaire about their business and supply their firm wide AML risk assessment, policies and procedures and training log in advance. During the visit we gather sufficient information to enable us to understand the risks associated with the firm and assess whether their response (which should be risk based) is adequate. We will also discuss the firm's approach to client due diligence (CDD), ongoing monitoring, training and record keeping.

We conduct both desk-based and on-site visits. The majority of visits are conducted online, however on-site visits are still undertaken. There is no substantive difference in approach between our on-site and desk-based reviews, we undertake the same scrutiny and ask members to provide us with the same documentation. Where we have ongoing concerns following a desk-based visit, an on-site visit is arranged as part of the follow up work.

During the visit we explore with members the risks associated with Trust and Company Service Provider (TCSP) work and remind firms of the necessity to be registered with HMRC as TCSPs. We inform them that we coordinate with HMRC to provide information about sole practitioners and firms that must be included on the register. Through 2023/24 we continued to focus on sanctions checks undertaken by the firm and the AML approach adopted on any clients with Russian connections.

We are aware of under-reporting of SARs in the accountancy and tax advice sector, and we discuss this in AML supervision visits. During visits, SARs submitted by the firm are assessed for quality and feedback and guidance is provided to members. We cover various aspects of SARs during visits including the need to maintain a record of submissions to the MLRO, confidentiality and the importance of making good quality reports. A case study on SARs reviewed during a visit can be found in Appendix two.

At the end of the visit the firm is given a compliance rating of compliant, generally compliant or non-compliant. Firms with generally compliant or non-compliant ratings are given an action plan with a deadline of one month to complete the actions. Failure to do so (in the absence of mitigating circumstances) results in referral to the Taxation Disciplinary Board (TDB) for enforcement action.





## Enforcement action

Members are warned about the potential for disciplinary action if they provide false information on return forms/pre visit questionnaires or are not compliant with the requirements of the regulations.

The [Taxation Disciplinary Board](#) (TDB) is an independent body which handles all disciplinary matters in relation to CIOT and ATT members. Information about the disciplinary process and the indicative sanctions guidance can be found on the TDB website.

During the year, three CIOT and three ATT members were referred to TDB for failure to submit their renewal form by the required deadlines, two of those CIOT members were also referred for more serious issues alongside the failure to renew by the required deadline.

Fines totalling £19,560 were levied against firms which were late with their initial registration, (CIOT £10,850 and ATT £8,710) an increase from a total across both bodies of £14,560 levied in 2022/23.

One CIOT AML supervised member was excluded for an AML related matter, and one CIOT AML supervised member was excluded for a non-AML related matter.

Since 1 June 2022, all late registrations have been reviewed for possible referral to the TDB, with automatic referrals for any registrations more than a year overdue. We advertised on the CIOT and ATT website that such referrals would be made. In the 2023/24 period, five referrals for disciplinary action were made to the TDB for late AML registration. We expect to be able to report the outcome of these cases in our 2024/25 report. In our last report we referenced two referrals that took place in the 2022/23 period for late registration, these members were each censured and ordered to pay the TDB's costs of £2,350. The outcome of disciplinary cases is available on the TDB website [here](#).

From 1 January 2024 the Taxation Disciplinary Scheme (TDS) Regulations permit the issuing of fixed penalty administrative fines for administrative breaches to be carried out by the CIOT and ATT. Further information can be found on the CIOT website [here](#) and ATT website [here](#). An update to The TDB [indicative sanctions guidance](#) was published in May 2023.

A case study relating to referral for enforcement action is included in Appendix Two.



# Main themes arising from the monitoring programme

As noted above, after each AML compliance visit the reviewed firm receives a rating – compliant, generally compliant or non-compliant. Most are found to be compliant or generally compliant with only minor administrative failings to address. The main areas of non-compliance that required further attention by some firms or which we know needed to be an area of focus were:

## 1. Practice Risk Assessments (PRA) and Policies and Procedures (P&P) documents

Due to our continued education programme, the number of firms' who do not have PRA or P&P documents in place is low, however we find that some firms' PRAs and P&Ps require improvement.

We offer pro forma PRA and P&P documents for our members to customise according to their specific practices. This helps firms identify relevant risks and implement appropriate policies and procedures to manage and mitigate those risks effectively. Our pro forma PRA and P&Ps were updated in the 2023/24 period to reflect legislative changes and feedback from those using the documents continues to be positive.

We have found that some firms have really useful forms and software that they are using to meet AML requirements but have not included these in their policies and procedures document. We have also found that firms sometimes use the standard pro forma documents provided by us or other training providers but fail to tailor them to their practice.

CIOT and ATT continue to educate members on the requirement for written PRAs and P&Ps during our visits, webinars, newsletters and on our websites.

In 2023/24 we undertook a targeted email campaign to firms that had indicated on their AML form that they did not have PRAs or P&Ps in place. As a result of this campaign two members were referred to TDB in the 2024/25 period. All other firms indicating non-compliance with these requirements were brought back into compliance and the two firms referred to TDB will still be required to comply.

## 2. Training

We find that a more common failure of firms is evidencing that AML training has taken place in a written training log. Our experience is that small firms don't always appreciate the legislative requirement to evidence what they are doing through a written log. We continue to educate our supervised population in AML visits, newsletters and webinars that a written training log is required including details such as:

- the training that was given
- the dates on which it was given
- which individuals received the training
- the results from any assessments

Time and cost constraints for sole practitioners and small practices and the lack of a designated or full-time compliance officer mean that these more administrative requirements are at times overlooked. We offer our members access to free AML webinars and AML newsletters to supplement their AML training.

## 3. Individual client risk assessment

The need for a written risk assessment to be in place for each client is not always apparent where, for example, a sole practitioner has been in practice for many years and knows their longstanding clients well. They are generally aware of inherent risks and manage and mitigate them in their day-to-day approach to work but they lack the paperwork to evidence this. We provide members with pro forma documents that include client checklists featuring designated boxes to record the client's risk rating. We also address this requirement during AML visits and in our AML webinars.

#### **4. Ongoing monitoring**

Whilst most firms understand that client due diligence and client risk assessment is required when onboarding a client, it is not always understood that this should be reviewed on an ongoing basis and evidenced. When undertaking supervision visits, we look for evidence that ongoing monitoring is noted on file even if there is no change to the client information or risk rating.

As tax practitioners will routinely review background information on clients when they prepare annual tax returns ongoing monitoring is generally already part of their procedures. Firms will ask questions to establish new sources of income or wealth to ensure the tax return is complete. For example, if a client has a new source of income from renting out a property, firms will need background information regarding this. They should document the property's cost (for future capital gains calculations) and the source of funds used for the purchase to ensure accurate tax claims for interest and property improvements. What firms don't always do is specifically recognise the AML related monitoring required and the need to formally consider the risk rating and client due diligence and note that they have done so. We prompt our small firms to consider this through the wording included in our pro forma policies and procedures document and include forms which specifically include boxes to record ongoing monitoring. We highlight the importance of evidencing ongoing monitoring in AML visits, in our webinars and AML newsletters.

#### **Follow up undertaken on areas of non-compliance**

This year we have taken additional action by:

- a. Targeted follow up with members that provide non-compliant answers in AML onboarding and renewal forms resulting in referral to TDB where compliance is not met
- b. Highlighting the importance of written P&Ps and PRAs, client risk assessments and AML training in our November 2023 webinar and AML newsletter for members
- c. Arranging AML visits and adjustments to the risk ratings of firms that indicate non-compliance in AML forms

## Other areas of work

We continue to work with the other AML supervisors through the AASG and AMLSF together with HM Treasury and the Home Office. We also have regular catch-up sessions with OPBAS to discuss developments in our supervisory approach. The CIOT and ATT Head of Professional Standards attends the Intelligence Sharing Expert Working Group (ISEWG) and represents the AASG at the Public Private Threat Group on Money Laundering.

We have worked in collaboration with the NECC, National Crime Agency (NCA) and other professional bodies on the Professional Enablers Project which aims to improve information sharing between law enforcement and supervisors to identify members where there are concerns of money laundering. Further information can be found in the cross-system professional enablers strategy [here](#).

Following the implementation of the Economic Crime and Corporate Transparency Act (ECCTA), we have worked with Companies House in preparation for the Companies House reforms. The introduction of Authorised Corporate Service Providers (ACSPs) has required collaboration from the PBSs in 2023/24 which will continue through 2024/25 and in future years. We have provided guidance and support to members in relation to the changes in the ECCTA in 2023/24 and will continue to do so as changes are implemented.

The CIOT and ATT continue to participate in ongoing work being undertaken by OPBAS on the risks associated with TCSP work undertaken by firms. In 2023/24 we attended workshops with HMRC and other professional bodies to work on aligning risk in relation to TCSP services and we continue to monitor the TCSP services our supervised firms are providing through our annual AML forms and AML supervision visits.

In response to the under-reporting of SARs in the accountancy and tax advice sector and the introduction of the new SAR Portal, we have shared guidance material in our weekly newsletters and AML newsletters regarding suspicious activity reporting, including links to the National Crime Agency publications and guidance. The UKFIU also joined our November 2023 AML webinar to present on the New SAR Portal and SAR Quality.

We continue to update and publicise our dedicated web pages providing guidance to members regarding sanctions. Information received from members and supervised firms about their clients with potential Russian connections has enabled us to review the risk of our supervised firms, visit small numbers of firms with elevated risks and provide advice where needed to the individual firms. Our risk assessment process and scoring for our firms is reviewed and updated on an annual basis.

The CIOT and ATT publish their whistleblowing policies on their websites [here](#) and [here](#). We remind firms about this policy during webinars and when responding to member queries through our helpline and during visits. In 2023/24 we had five instances where information was received, and appropriate follow up action was taken.

We continue to represent our supervised firms through responses to consultations, calls for evidence and information requests. CIOT and ATT responded to the consultation on the Reform of the Anti-Money Laundering and Counter Terrorism Financing Supervisory Regime in September 2023 and are awaiting the response from HM Treasury.

We have also worked with the Royal Institute of Chartered Surveyors (RICS) and HMRC to produce website guidance on AML supervision requirements for joint members. We find that some members providing certain capital allowances services do not consider these tax services and fail to register for AML supervision. We continue to liaise with HMRC on these cases to police the perimeter and bring non-compliant members back into compliance.

# Reflections on 2023/24 and what comes next for CIOT and ATT AML Supervision?

In our last report, we acknowledged that several internal staff changes posed challenges during 2022/23, primarily due to the overall difficulties in the recruitment market. The team was fully staffed during the 2023/24 period.

We recognised the need for succession planning and the importance of role overlap to mitigate the effects of staff changes, illness, and annual leave. On review of our staffing needs when a vacancy arose early in 2024/25, we decided to recruit a more senior tax specialist to backfill the position, enhancing our team's resources and supporting increased AML visit activities further.

We consider that our supervisory work in 2023/24 remained effective. This is evidenced by the following:

- We have increased the number of AML visits from the 2022/23 period, with 69 AML visits conducted in 2023/24 (total for CIOT and ATT)
- The quality of AML visit work has remained high (measured by our internal quality control process)
- We have provided two webinars including AML content in 2023/24 and three in person conferences
- We promoted AML compliance through three AML newsletters in 2023/24
- We continued to provide a telephone and email advice service to members
- The identification of members that require AML supervision through our annual membership return forms, improving our policing the perimeter work and bringing members into compliance
- We have continued our intelligence and information sharing process with other supervisors, an example of this can be found in Appendix two
- Operational changes to TDB to improve enforcement activity and updates to indicative sanction guidance
- We have enhanced our follow up with members where potential non-compliance has been identified and have started to refer more cases to the Taxation Disciplinary Board
- We now have closer liaison between Professional Standards team members and those dealing with the initial work on disciplinary cases with the aim to move AML disciplinary cases through the system promptly

To further increase effectiveness in 2024/25 we plan to:

- Increase the internal reporting of significant AML statistics to both CIOT and ATT Councils
- Review the CIOT and ATT scheme rules to ensure they remain fit for purpose
- Increase the number of AML supervision visits and conduct more on-site
- Improve turnaround times on visit follow up to ensure compliance is achieved promptly
- Continue to provide our AML webinar programme

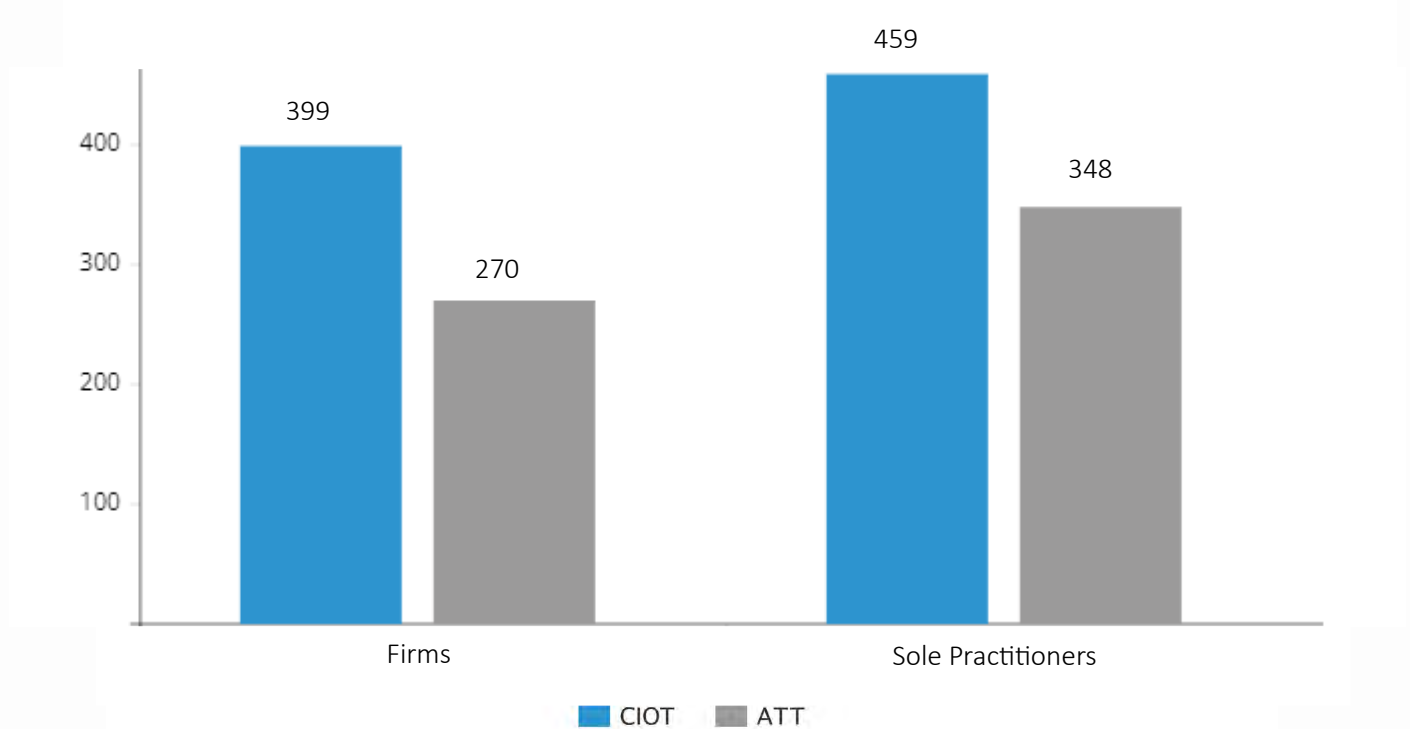
- Increase the number of AML newsletters issued
- Continue with our policing the perimeter work through our annual membership returns as well as working with other supervisors to ensure that joint members are AML supervised
- Continue the intelligence and information sharing process with other supervisors
- Undertake thematic work on AML training provided by our firms and the AML risks in relation to crypto assets
- Work with the TDB to ensure the greater use of fines in relation to AML disciplinary cases as required under the Money Laundering Regulations (effective, proportionate and dissuasive disciplinary measures)

We recognise potential challenges in the 2024/25 supervision year including uncertainty associated with the outcome of the raising standards in the tax advice market consultation, as well as the outcome of the consultation on reform of the AML/CTF supervisory regime.

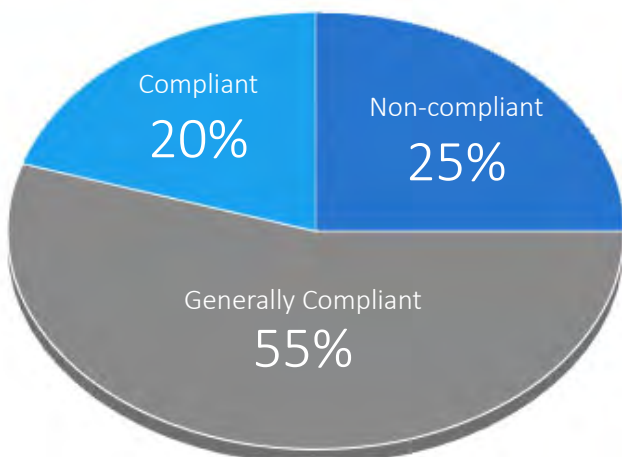
# AML 2023/24 Statistics

A snapshot of AML activity throughout 2023/2024.

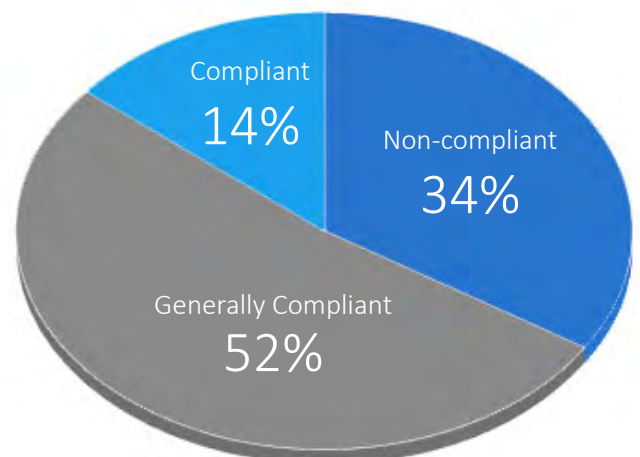
## THE NUMBERS AND TYPES OF FIRMS SUPERVISED



### Outcomes of CIOT on-site and desk-based review visits



### Outcomes of ATT on-site and desk-based review visits



## Risk rating of firms before review visits

### CIOT

High- 53%  
Medium- 42%  
Low- 5%

## Risk rating of firms before visit

### ATT

High - 59%  
Medium- 41%

## Approximate number visited in 2023/24 from each risk category:

### CIOT

High - 20%  
Medium - 2%  
Low - 22%

### ATT

High - 24%  
Medium- 2%

# NEW REGISTRATIONS IN 2023/24

## CIOT registrations



= 61

## ATT registrations



= 61

## COMMUNICATIONS



- Three AML Newsletters
- Two webinars covering AML topics which were viewed by 525 people
- UKFUI presented in our November AML webinar on the New SAR Portal and SAR Quality
- Five Tax Adviser articles
- Regular contributions in weekly newsletters

## ENFORCEMENT



- Over £19,500 in fines charged for late registration (CIOT £10,850 and ATT £8,710)
- £2,200 in fines charged for late renewal (CIOT £1,350 and ATT £850)

## TOOLS



- Updated Pro forma policies and procedures
- Updated Pro forma risk assessments
- We updated our AML FAQs for members which is a key guidance tool



For more information visit :  
[tax.org.uk/anti-money-laundering-aml](https://tax.org.uk/anti-money-laundering-aml)  
[att.org.uk/members/anti-money-laundering](https://att.org.uk/members/anti-money-laundering)



# Appendix Two – AML Supervision Case studies

## Case Study One

We work closely with other AML supervisors. In July 2023 a professional body alerted CIOT under regulation 50 that a joint member had been offering accountancy services as a sole trader, without a practising certificate and without notifying that body of their activity. The professional body's conduct department were investigating the member. We increased the risk rating of the member to high once notified of the investigation.

On the basis of the information received and the revised risk rating the member was selected for a desk-based review in the 2023/24 period and was found to be generally compliant at the time of the review, but the following areas of non-compliance were identified:

- Practice level risk assessment required improvements
- Written P&P required improvement
- AML training had been undertaken but there was a lack of an AML training Log

The member completed their action points and were compliant at the end of the visit cycle.

We are continuing to liaise with the professional body in relation to the outcome of their conduct review.

## Case Study Two

We undertook an exercise to follow up with members who had not completed their annual membership returns (a requirement for all members other than those who are students or retired). As a result, a member completed their return after failing to do so for 2019 to 2021. The member incorrectly indicated on their 2022 annual return submission that they were supervised for AML by ATT. They had never applied for supervision.

The member had mistakenly believed that they were covered automatically by ATT through their membership and had been operating for a number of years without AML supervision. The member did not respond to our initial email informing them of their requirement for AML supervision following the review of the 2022 annual return and a programme of follow up was undertaken.

As the member had not complied with the requirements to register for AML supervision, they were invoiced over £1,000 as a penalty fee to cover the fees due if they had registered from the date trading had commenced.

Due to a pattern of repeated failure to submit their annual returns, which resulted in non-compliance with the requirement for AML supervision, and the delay in the member's application for AML supervision after being notified, the member was referred to the TDB for disciplinary action. Given the late registration and ongoing non-compliant behaviour, the firm was classified as high risk, prompting the scheduling of an AML compliance visit.

The member paid their penalty fee promptly and were visited in-person shortly after. The firm was assessed as compliant at the time of the visit with no action plan required, the risk rating of the firm was re-assessed as medium risk, the TDB case is currently in progress.

# Appendix Two – AML Supervision Case studies

## Case Study Three

Suspicious activity reporting is discussed during AML visits and SARs are reviewed for quality where possible. During a desk-based review a member had a number of SARs for review, but as the SARs were paper copies it was difficult to view the reports on camera. A follow up on-site review was scheduled to review the SARs in person.

The on-site review found that:

- The SARs submitted were good quality
- None of the SARs reviewed were deemed inadequate
- Guidance was provided to the member for future SAR submissions

## Case Study Four

We regularly share information with other professional body supervisors. During the new registration onboarding process, it came to our attention that a member was also a member of (and AML supervised by) another professional body.

We sent a regulation 50 information sharing request to the other supervisor to confirm that they were content for ATT to supervise the member for AML purposes and for any other relevant information. The response from the other body revealed that:

- The other body had recently undertaken a review of the member's practice and significant issues were identified
- The member had not complied with the other body's action plan following the review
- The member was under review for disciplinary action

As there were concerns that the individual was attempting to move supervisors to avoid visit follow up actions and potential enforcement measures it was agreed the individual should remain with the original supervisor and not move to the ATT for supervision.

# Appendix Three - Guidance for supervised firms

There is a considerable amount of guidance available to firms:

CIOT website [AML guidance](#) including:

- [Anti-Money Laundering overview and registration](#)
- [CIOT Anti-Money Laundering Scheme Rules](#)
- [AML Guidance for the Accountancy Sector](#)
- [Practice risk assessment and policies and procedures \(Guidance and pro forma documents\)](#)
- [Newsletters](#)
- [Frequently asked questions](#)
- [HMRC TCSP register Q&A for businesses](#)
- [Anti-Money Laundering Training and ID Verification](#)
- [CIOT Supervisory risk assessment](#)
- [High Risk Third Countries](#)
- [Whistleblowing policy](#)
- [Guidance on Russian Sanctions](#)

ATT website [AML guidance](#) including:

- [Anti-Money Laundering overview and registration](#)
- [ATT Anti-Money Laundering Scheme Rules](#)
- [AML Guidance for the Accountancy Sector](#)
- [Practice risk assessment and policies and procedures \(Guidance and pro forma documents\)](#)
- [Newsletters](#)
- [Frequently asked questions](#)
- [HMRC TCSP register Q&A for businesses](#)
- [Anti-Money Laundering Training and ID Verification](#)
- [ATT Supervisory risk assessment](#)
- [High Risk Third Countries](#)
- [Whistleblowing policy](#)
- [Guidance on Russian Sanctions](#)

Money Laundering regulations:

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

[The Money Laundering and Terrorist Financing \(Amendment\) Regulations 2019](#)

[The Money Laundering and Terrorist Financing \(Amendment\) \(EU Exit\) Regulations 2020](#)

[Amendments to the Money Laundering, Terrorist Financing and Transfer of Funds \(Information on the Payer\) Regulations 2017 Statutory Instrument 2022](#)

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

National Crime Agency publications and guidance

[Suspicious Activity Reporting online portal](#)

[Money laundering and illicit finance](#) including links to:

[Introduction to SARs](#)

[New SAR Portal Overview \(User Guide A\)](#)

[New SAR Portal - How to Register \(Guide B\)](#)

[New SAR Portal FAQs](#)

[New SAR Portal Guidance Signpost](#)

30 Monck Street  
London  
SW1P 2AP  
T: +44 (0)20 7340 0550  
E: standards@ciot.org.uk  
E: standards@att.org.uk

W: [www.tax.org.uk](http://www.tax.org.uk)

W: [www.att.org.uk](http://www.att.org.uk)

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