President's Page: Too many complicated and difficult scenarios

Welcomes

28 March 2022

I am writing this on a Saturday morning in early March 2022, whilst my 16 year old son plays football on a cold winter English morning. But it is impossible for me to write this page without mentioning the horrific scenes that we see every day in Ukraine.

This is not a political message, but more a human plea: why are innocent people still having to face such things in 2022? They all have my prayers. I'm sure they would give literally anything to be watching their children play football, or any other sport or activity for that matter.

But our general life continues and my role here is to welcome you to the latest April 2022 version of *Tax Adviser*.

First of all, I would like to say that I, personally, really like the new format, so I would like to compliment Helen and the *Tax Adviser* team for the work undertaken in the space. *Tax Adviser* magazine, along with *Taxation* and *Tax Journal*, has been part of my stable tax diet throughout my career in tax (now very long, I'm shocked to say!). That has been the case since I left the Inland Revenue in 1999 to join the profession with Ernst and Young (as they were called then) and my personal career investment in studying ATT and then CTA, post my Inland Revenue studies.

One thing that is particularly topical is anti-money laundering, and our obligations as Obliged Entities under the Money Laundering Regulations to undertake adequate take-on procedures, source of funds information, and so on.

I believe that, as a profession, we all understand the importance of these things, and certainly I always see evidence of good practice both in my day job in a law firm, and also from within the CIOT.In this regard, I want to mention Heather Brehcist, Head of Professional Standards at CIOT, who has been a rock on all such matters

over the years and who will retire on 30 April. Thanks Heather, and good luck for the future.

But I would expect the issue of anti-money laundering and associated matters to further tighten in the months and years to come, not least with the Economic Crime (Transparency and Enforcement) Act 2022.

As someone who is a so-called expert in contentious tax, I probably see more complicated and difficult tax scenarios than most, and so am always alive to anti-money laundering issues, particularly linked to tax evasion. I do think it is important that all tax advisers, not just those of us in the contentious area, become fully cognisant of the risks of money laundering and do not feel uncomfortable or embarrassed to call it out where they see it, or are worried it may be present.

In terms of AML a number of changes have taken place in recent times, which I think it will be important to better understand. By way of implementing the 4th and 5th Money Laundering Directives, the Money Laundering and Terrorist Financing (Amendment) 2019 broadened the 2017 Money Laundering Regulations definition of auditors and tax advisers, as Obliged Entities, to include those who provide ‘material aid, or assistance or advice, in connection with the tax affairs of other persons, whether provided directly or through a third party’. The effect of these rules is to extend Know Your Client onboarding procedures to many businesses that previously saw themselves as outside of those rules. This is an important change, as it will capture many online tax tools, often created to handle crypto asset calculations.

I would expect the OECD to bring crypto into full financial account reporting in the coming years, and this will help, in my opinion. Indeed, the OECD has recently issued a public consultation on the matter. Separately, HMRC are helping investors and advisers to better understand the taxation implications with the provision of guidance and knowing the team quite well, I compliment them on their very hard and detailed work.

Finally, I am now jumping out of the car to watch the second half of my son’s match (the half time score is 2-2). I wish you a nice month ahead, but please spend a few moments always to think about those poor people in Ukraine. We are all human beings and share the same planet. I just wish we could all get on with each other! Take care and god bless. (The match finished 2-2 if you’re interested!)