Reforming anti-money laundering and counter-terrorism financing supervision consultation response

General Features



23 October 2023

Members in practice, and particularly those we supervise for anti-money laundering, will be interested in the CIOT and ATT responses to the HM Treasury consultation on the reform to the AML and counter-terrorism financing supervisory regime. The consultation sets out four potential models for supervision and sought views on the supervision of sanctions.

In June 2023, HM Treasury consulted on the future of anti-money laundering (AML) supervision in the UK, setting out four potential models for future supervision (tinyurl.com/muc7ef5w):

1. Office for Professional Body AML Supervision (OPBAS)+;
2. Professional Body Supervisor Consolidation;
3. Single Professional Services Supervisor; and

4. Single Anti-Money Laundering Supervisor.

CIOT and ATT responded favouring the OPBAS+ model, whereby existing supervisors would retain our AML supervision, with greater powers for OPBAS. It is the most feasible and robust option. Also, since its conception in 2017, OPBAS has driven considerable steps forward in supervisory effectiveness, especially on intelligence and information sharing, and the OPBAS+ model gives more time for this work to come to fruition.

The other models may give the opportunity for greater consistency, and easier liaison with law enforcement, but this is outweighed by the following potential downsides:

- short to medium-term risk of decreasing supervisory effectiveness;
- increased costs to both government and firms;
- logistical challenges of transferring many firms/associated data between supervisors; and
- loss of expertise and time/costs of training new staff as experienced AML staff may not move to the new supervisor.

CIOT and ATT requested that AML supervision is not considered in isolation from discussions on raising standards in the tax advice market and regulation of the tax profession.

The full consultation responses are on the CIOT and ATT websites:

www.tax.org.uk/ref1229

www.att.org.uk/ref438

HM Treasury expect to have considered all the responses by March 2024.

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