Anti-money laundering consultation: CIOT and ATT responses

General Features



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Members in practice, and particularly those we supervise for anti-money laundering, will be interested in forthcoming changes to supervision and the CIOT and ATT responses to the recent consultation on duties, powers and accountability.

The online article in January's edition of *Tax Adviser* (tinyurl.com/3z4jmy9c) set out the significant changes afoot for anti-money laundering (AML) supervision of tax advisers. As a reminder, on 21 October HM Treasury announced that the AML supervision of accountancy and legal firms currently supervised by the professional bodies and HMRC will move to the Financial Conduct Authority (FCA). The exact date of transfer is not yet known, but this it is not expected to be before 2028 at the earliest.

Following this announcement, HM Treasury issued a consultation entitled 'Anti-Money Laundering/Counter-Terrorist Financing Supervision Reform: Duties, Powers and Accountability' (tinyurl.com/

4tw6ef3z). There was a short period of consultation with responses required by 24 December 2025. During this period, there was the opportunity to raise points of concern through roundtables, an Office for Professional Body Anti-Money Laundering Supervision (OPBAS) conference, and meetings between individual bodies and HM Treasury and OPBAS. The CIOT and ATT took a proactive part in these meetings.

Responses were submitted to the consultation by both the CIOT and ATT. The points raised included the following:

- While HM Treasury have chosen that AML supervision reform through a single professional services supervisor, this was not the CIOT or ATT's preferred option when responding to the consultation on reform. However, both bodies will work with HM Treasury, OPBAS and the FCA to ensure a smooth transition.
- As yet, there is no clear indication of the FCA supervision model, making it difficult to determine the transitional measures needed. The responses pressed for an early indication of the transition timetable and on the requirements for current supervisors in relation to the handover of information. While we are aware that supervised firms are likely to be transferred in tranches, there is currently no clear timetable indicating when particular firms will move. Similarly, we have no confirmation of the dates from which all new registrations will be dealt with by the FCA or of the final cut-off dates for CIOT and ATT supervisory visits.
- Much of the consultation focused on changes to existing regulations to ensure that the FCA have appropriate powers, which appeared sensible to ensure that effective supervision is in place going forward.
- The CIOT and ATT consider it is important that the new regime provides sufficient support and guidance, especially for tax advisers operating mainly through small firms. In general, members want to be compliant, and while there is always a place for enforcement fines and disciplinary action, both bodies consider it more proportionate and effective to work with small firms to bring them into compliance before resorting to formal enforcement action.
- It is essential that the FCA has tax and AML trained staff embedded in their AML supervisory team to enable effective supervision of tax advisers. Supervision will not be effective without sector-specific experience.
- The CIOT and ATT's AML supervisory roles work hand in hand with our roles in upholding professional standards. Information sharing will present challenges following the transition, as the FCA will require information from professional

bodies to ensure that all firms requiring supervision are appropriately supervised (often referred to as ‘policing the perimeter’). The information that the CIOT and ATT currently receives through professional standards activity also assists in identifying risks. The professional bodies will therefore need to receive appropriate information from the FCA, to which they will no longer have automatic access. in order to enforce professional standards. Any information sharing will require suitable legislative gateways and must not be unduly burdensome, particularly as no AML supervision fees will be in place to cover associated costs and dedicated AML staff may have left or been redeployed.

- Under the proposals, OPBAS will be wound down. The CIOT and ATT view is that no additional powers are required for OPBAS during the transitional period. The responses also indicated that both bodies considered that OPBAS is uniquely placed to work with the FCA on good supervisory practice in the accountancy sector, which has been identified (alongside points for improvement) from their supervision of the professional bodies.

The CIOT and ATT have put messaging out in weekly news about the changes and have set up dedicated webpages – CIOT (tinyurl.com/3djpwxat) and ATT (tinyurl.com/4pf4vw9n) – which will be updated as more information becomes available. If members have any additional concerns or questions, they should email standards@tax.org.uk.

The full CIOT response is available here: www.tax.org.uk/ref1616

The full ATT response is available here: www.att.org.uk/ref503

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