

News release

Less than a week for firms to check tax advice work for money-laundering obligations

05 January 2021

Solicitor firms have until Sunday (10 January) to check if any tax advice work they carry out falls under a new definition for money-laundering purposes.

Last year's fifth Anti-Money Laundering Directive brought in amended regulations, with the definition of 'tax adviser' widened to include more activities than before. Any firm that finds it is now in the scope of the regulations needs to have applied to us or another AML supervisor, such as HM Revenue & Customs to be supervised for money laundering before 10 January.

We have produced guidance on tax advice and AML [\[globalassets/documents/solicitors/tax-adviser-guidance.pdf?version=4aade6\]](#) for firms to help them determine whether or not they will fall within the scope of the regulations.

Paul Philip, Chief Executive, said: "Tackling money laundering is a priority for all of us and we know the vast majority of firms are committed to keeping the proceeds of crime out of the profession. Importantly, the amended regulations widen the definition of tax adviser, which means firms not currently engaged by the anti-money laundering regulations will shortly be included."

"Any firm providing tax advisor services must check the position and, if necessary, apply to us or another AML supervisor. Alternatively, you might choose to drop the activities that bring you into scope.

"Whatever you choose to do, you need to have made that decision and acted accordingly before 10 January."

The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 ('the regulations') were amended on January 10, 2020. Tax adviser is now any firm or individual "who by way of business provides material aid, or assistance or advice, in connection with the tax affairs of other persons, whether provided directly or through a third party".

Any firm now in scope needs to submit to us a completed FA10 [\[globalassets/documents/solicitors/firm-based-authorisation/aml-fa10.pdf?version=49cba7\]](#) form including providing suitable Disclosure and Barring Service (DBS) checks for beneficial owners, officers and managers at their firm. They also need to make sure they comply with the regulations, other relevant statutes and our guidance, by 10 January 2021.

This includes assessing the risk for [\[solicitors/guidance/firm-risk-assessments/\]](#) their in-scope business activities, as well as complying with other guidance and warning notices [\[solicitors/resources/money-laundering/\]](#) on AML, and Legal Sector Affinity Group guidance.

Those firms that find that they carry out activities that are in scope of the new definition of tax adviser but will stop these activities before 10 January 2021, then no action is needed.

Anyone that needs further information can contact our Professional Ethics helpline [\[contact-us\]](#). Ethics advisers however cannot decide whether a firm is in scope or not, only the firm can do that.