

May 2025



AML Declaration 2025

Guidance



Introduction to Guidance for AML Declaration 2025

Importance of the AML Declaration

The Money Laundering Regulations 2017 require that ICAS conducts a risk assessment of each Firm ICAS AML supervises. Our regulator, OPBAS also expects ICAS to focus its monitoring effort on a risk-basis.

To achieve this, we require every Firm to submit an annual AML declaration to ICAS each year. The information submitted highlights the money laundering, terrorist financing and proliferation risks faced by the Firm. The return includes questions on the nature of the Firm's clients, the services provided, various AML compliance questions, and other risk factors. The declaration is updated annually to ensure that it reflects current risks.

Many of the questions derive directly from risks highlighted in the National Risk Assessment and from the risk intelligence we receive from regulatory and supervisory sources and law enforcement.

The responses provided by Firms are collated, with risk scores and weightings allocated, giving every Firm an overall AML risk score and then a risk category.

From 1 August 2023 onwards, the risk category has determined:

- How often a Firm is reviewed.
- How the Firm is reviewed.
- How the Authorisation Committee will deal with serious non-compliance.

Your AML Declaration is therefore very important to the overall effective operation of the ICAS AML supervision regime. In accordance with the [Regulatory Actions Guidance](#), a Firm risks regulatory action where a monitoring visit identifies significant differences between the information provided by the Firm to ICAS in its AML Declaration and information identified during the monitoring visit.

It is, therefore, important that you give sufficient time and effort to identifying and assessing your AML risks as part of your Whole Firm Risk Assessment (WFRA) and to ensuring that both the WFRA and the AML declaration reflect all the risk factors being faced in your Firm. If you are in doubt, please don't hesitate to contact regulatoryauthorisation@icas.com. We would always say if in doubt it is better to overstate a risk than understate it.

Thank you in advance for your cooperation with this important process.

For more information on our supervision regime and for key findings from monitoring visits, please refer to our annual report [here](#).

Purpose of the Guidance

This document serves as a practical guide to assist you in accurately completing the AML Declaration 2025.

It provides clear explanations of key terms, concepts, and requirements commonly used in AML compliance frameworks. The purpose of these reference notes is to ensure consistency, clarity, and a comprehensive understanding of the declaration's questions.

The terminology outlined here is aligned with international AML standards and regulations, such as FATF Recommendations, as well as applicable regional and industry-specific guidelines.

By referring to this guide, you will be better equipped to identify and disclose relevant information, assess risks, and provide complete and compliant responses.

Section1: Standing Data

The first sections of the return are pre-populated with data we hold about your Firm from information your Firm has previously supplied. If you identify that there are changes to your Firm details, you should contact regulatoryauthorisation@icas.com to ensure that these are corrected.

Firm Details

Please review the data held about your Firm and ensure that this is up to date. You should ensure that the information about your Firm's name, address and telephone number is correct.

Please ensure that the name of the Firm's MLRO is correct. This is the person who is the 'nominated officer' under S 21(3) of the Money Laundering Regulations 2017 and who is responsible for receiving internal reports and making Suspicious Activity Reports.

Money Laundering Compliance Principal

Please ensure that we have the correct details of the name of the Money Laundering Compliance Principal (MLCP). This is the person designated under S 21(1) of the Money Laundering Regulations 2017, who is a member of the board or senior management, who is the officer with overall responsibility for the Firm's overall AML compliance. In smaller firms, the MLCP and MLRO may be the same person. If that is the case, you should still check that the MLCP details are correct.

Important: Beneficial Owner, Officer and Managers (BOOMs)

You should ensure that all Beneficial Owners, Officers and Managers in your Firm have been approved by ICAS as BOOMs and that they are disclosed on this declaration. Failure to obtain ICAS approval of each person who holds the role of a BOOM in your Firm is a criminal offence.

If the list of BOOMs is incorrect or incomplete, in any way, you must notify ICAS. Failure to do so, could risk the Firm receiving a regulatory penalty, as previously communicated to all AML Supervised Firms and as explained [here](#).

The definition of BOOMs is included at [icas.com](https://www.icas.com) [here](#).

Common mistakes:

Firms are reminded of the common mistakes found on monitoring visits:

- The company secretary of the Firm (if applicable) is sometimes missed - they should be a BOOM;
- In some Firms we have found that spouses who are BOOMs are omitted. Any spouse/partner of a principal in the Firm who has been designated a beneficial owner (e.g. shareholder), director or company secretary must be a BOOM even if they are not actively involved in the Firm.
- We have found that AML personnel are sometimes omitted. Any member of staff involved in ensuring compliance with the Firm's AML policies and procedures (e.g. an AML manager, ML compliance officer, MLRO) must be a BOOM.

Section 2: AML risk questions

Under Regulation 17 of the **Money Laundering Regulations 2017** we must identify and assess the risks that our supervised Firms face, particularly in relation to:

- The Firm's clients;
- Any geographic risks;
- The nature of the Firm's services;
- The transactions the Firm enters into; and
- The delivery methods used to provide services to clients.

The questions below collect information on your Firm that will help us to perform this assessment.

For the avoidance of doubt, each question in relation to client type asks whether you have any clients in each category below, not whether there are any risky clients in that category.

1. High Net Worth Individuals (HNWIs)

A person with a substantial amount of assets of £2million or more (excluding their primary residence) or annual income of £200,000 or more.

The definition of an HNWI can vary but it's generally based on their net worth and the value of their assets.

His Majesty's Revenue and Customs (HMRC) generally regards an individual as 'wealthy' if they have income of £200,000 or more, or assets equal to or above £2 million in any of the last 3 years.

The Financial Conduct Authority defines a HNWI as an individual with an annual net income of £170,000 or more, or net assets of £430,000 or more.

For the purposes of this return we have used the figures published by HMRC.

Why we ask the question:

HNWI clients may be considered high risk for money laundering for a number of reasons including the fact that their sources of wealth may be numerous, complex or could be difficult to verify; they may have multiple sources of income and multiple investments; they may have international exposure; and may well have complex tax situations involving a number of jurisdictions; there could be elements of offshoring etc.

You are being asked if you have any HNWI clients (meeting the criteria above) – if you do, please answer 'Yes'.

When dealing with HNWI clients it is important to consider all possible risks and ensure that sufficient KYC information is obtained to support your risk assessment, including a full consideration of source of wealth, source of income, nature of investments etc.

2. Uncooperative clients

A client who is difficult to work with and may be resistant to providing all the information required to ensure that the engagement service is AML compliant.

Why we ask the question:

There will of course always be some clients who are less helpful than others, but you should declare only those clients who refuse to cooperate with your AML processes or who are particularly difficult to deal with and therefore you may have concerns that not all information pertinent to AML is forthcoming. For example, they may not be forthcoming or may be slow in responding when you are trying to understand control & ownership structure, or not provide all the identity verification information or background KYC information required. When dealing

with such clients, you should consider whether any delays, or lack of information, prevent you from meeting the AML requirements and you are also reminded of the need to consider the Code of Ethics requirements in relation to considering the client's integrity and whether you should continue to act. A Firm should not act for a client which would result in the Firm not being able to meet its legal and ethical obligations.

If you have any uncooperative clients, please answer 'Yes'.

3. Clients with connections to high risk or sanctioned countries

Jurisdictions identified as having weak regulatory frameworks, poor enforcement of AML laws, high levels of corruption, or known links to terrorism financing or are on a current sanctions list.

Why we ask the question:

These countries present a greater risk of money laundering, terrorism financing, proliferation and other financial crimes, and often require enhanced due diligence (EDD). The FATF (Financial Action Task Force) regularly publishes lists of jurisdictions under increased monitoring ("grey list") or countries with serious strategic deficiencies ("blacklist") which is available [here](#). We would expect the firm to answer 'Yes' if there are clients connected to these countries.

Sanctioned countries are those where there are economic or political measures taken due to geo-political issues, conflicts, human rights issues etc. Sanctions are restrictions limiting the freedom of a state, such as financial restrictions such as freezing assets, or trade restrictions on specific goods or travel restrictions. In some cases, sanctions are wide-reaching prohibitions and in some cases the sanctions may relate to specific industries or geographic areas. An example of a sanctioned country, currently, is Russia.

HM Treasury's Office of Financial Sanctions Implementation (OFSI) is the UK body responsible for implementing financial sanctions in the UK and further information is available [here](#).

'Connected to' has the widest meaning in the context of this question (e.g. it includes whether the client resident in; from; has family members or close associates connected; has a residence or offices there; trades with those countries etc).

If you have any clients connected to high-risk or sanctioned countries, please answer 'Yes'.

4. Individual Clients and entities on any Sanctions List:

Sanctions or restrictive measures placed over named persons such as a legal entity or a natural person (including asset freezes, trade embargoes and travel bans).

Why we ask the question:

Acting for a person or entity on a sanctions list may be prohibited, or if not illegal, could indicate a high risk from a money laundering, terrorist financing or proliferation perspective.

HM Treasury's Office of Financial Sanctions Implementation (OFSI) is the UK body responsible for implementing financial sanctions, which publishes a consolidated list of individuals and entities subject to financial sanctions in the UK. This list can include:

- Individuals or entities subject to asset freezes.
- Entities under trade embargoes.
- Travel bans and restrictions on financial services

and is available [here](#).

If you have any such clients, please answer 'Yes'.

5. Clients which are largely based outside of the United Kingdom

Any client entities largely based, or with operations largely based, outside the UK. Any individual/personal clients where the person is largely based outside the UK.

Why we ask the question:

Not all clients based largely overseas will pose a higher AML risk. The extent of money laundering, terrorist financing, and proliferation risks will vary depending on the country in question and the nature of the client and services provided. Some clients with an international connection can have increased complexity (e.g. taxation can be more complex; it may be more difficult to obtain reliable KYC information from that country, there could be connections with countries which have less stringent AML rules etc.).

However, for the purposes of this return, we are interested in whether there are any clients meeting these criteria as a starting point to risk assess our Firms.

Examples that would result in answering yes to this question:

- your Firm has a personal tax client who is resident in the US, but you manage their UK tax affairs as they hold a UK property.
- your Firm has a corporate client that is headquartered and registered in Turkey.
- your Firm has a client whose largest branch is based in France.

If you have any clients in this category, please answer 'Yes'.

6. Overseas connections

This covers any other situation not included already i.e. clients with any other overseas connections whatsoever.

Why we ask the question:

This is a 'catch-all' question to cover any other situations where there are international considerations which are not already captured in earlier questions. Not all overseas connections will pose a higher AML risk. The extent of money laundering, terrorist financing and proliferation risks will vary depending on the country in question and the nature of the client and services provided. Some clients with an international connection can have increased complexity (e.g. taxation can be more complex; it may be more difficult to obtain reliable KYC information from that country, there could be connections with countries which have less stringent AML rules etc.).

However, for the purposes of this return, we are interested in whether there are any clients meeting these criteria as a starting point to risk assess our Firms.

This could be, for example include:

- a client with an overseas nationality;
- a client with some residency overseas (although not largely based abroad) or with family connections overseas;
- clients with, for example:
 - some (but not the majority of) operations overseas;
 - some branches or subsidiaries overseas;

- connected entities overseas;
- connected trusts/trustees overseas;
- parent companies overseas;
- beneficial owners based overseas;
- directors or trustees based overseas;
- overseas customers or suppliers.

This list is not exhaustive.

Please answer 'Yes' if you have any clients meeting these or other relevant criteria.

7. Clients operating cash-based businesses and cash-intensive business:

Any clients that can accept cash for goods and services - even if the % of cash received is small.

Why we ask the question:

Cash based businesses are often targets for money launderers because:

- they can be used to integrate large amounts of cash into the financial system; and
- there is a risk of under-declaration of income to reduce tax (i.e. tax evasion).

How we define a cash-based business is any business which has the **ability** to transact in cash, whether they hold high levels of cash or not.

This definition will include cash-intensive businesses, but is not limited to them. Many businesses now only have a small proportion of cash, following the use of electronic payment systems, but are still considered risky because they could still be at risk of facilitating illegal transactions given their ability to make payments and accept receipts in cash.

Examples include retail stores, nail salons, hairdressers, taxi firms, hotels, bars, money exchanges, cafes, ice-cream parlours, and restaurants.

If you have any such clients, please answer 'Yes'.

8. Clients in high-risk industries

Industries which could be more susceptible to money laundering, terrorist financing or proliferation or proliferation financing (PF).

Why we ask the question:

A number of industries are more susceptible to the above risks due to their nature – for example they may have high value portable products or products/services promoting anonymity; they may have significant cross-border transaction; make or sell dual-use goods etc.

Examples of high-risk industries include (but is not limited to):

- Transport or shipping: could be used for human trafficking, but could also be used for trade-based money laundering or for the transport of weapons or drugs;
- Defence/arms: could be used for terrorism, for example, or for illegal sales to high-risk or sanctioned countries;
- Pharmaceuticals: they can be high value, portable commodities which often traverse multiple countries and intermediaries making them susceptible to money laundering, there is also a significant black-market in counterfeit drugs.
- Dual-use goods: Sectors with the ability to have dual-use are those which can be used for both civilian and military applications: For example, fertiliser can be used for agricultural purposes but can also be used for explosive-making, and therefore could be involved in proliferation.

- Crypto-currency: by its nature, offers anonymity that complicates the tracking of illicit transactions. The pace of crypto technology development challenges regulatory efforts and there is a general lack of effective oversight in crypto, compared to the traditional finance sector.

Proliferation is defined as the manufacture, acquisition, possession, development, export, trans-shipment, brokering, transport, transfer, stockpiling or use of nuclear, chemical or biological weapons and their means of delivery and related materials, including both technologies and dual-use goods used for non-legitimate purposes. Proliferation Financing is the means to finance those activities.

The list of industries above is not exhaustive and you may have other clients in sectors that you consider to be risky from a money laundering, terrorist financing or proliferation perspective.

If you have any clients in the above sectors, please answer 'Yes'. If you have clients operating in any other sectors you consider risky, please answer 'Yes'.

9. High value dealers (HVDs)

A dealer that accepts cash payments of €10,000 or more (or the equivalent in any currency) for goods, whether in a single transaction or a series of linked transactions.

Why we ask the question:

As explained in the National Risk Assessment, high value goods and traders is one of the oldest money laundering vehicles used by criminals, as goods are purchased and then exchanged back into currency at a later date. Payments can include any form of cash, including notes, coins, or travellers' cheques.

Examples of High-Value Dealers that could accept cash payments of these amounts include:

- Jewellery and Precious Metal & Precious Stone Dealers.
- Art and Antique Dealers.
- Luxury Goods Retailers: Businesses that sell luxury items such as designer clothing, cars, watches, yachts, or other high-ticket items.
- Motor Vehicle Dealers: Dealerships that accept large cash payments for vehicles.
- Real-estate.
- Auction Houses.
- Businesses selling alcohol and tobacco.
- Wholesale cash and carry business.
- Businesses selling supply tools and equipment to tradespeople

HVD businesses must comply with AML Regulations and should be registered with HMRC for AML supervision if they accept or make high value payments in cash for the following:

- single high value cash payments for a large quantity of low value goods
- high value wholesale or retail transactions
- a single high value transaction made in instalments or on account

HVD businesses must not accept or make a high value cash payment until they have registered as a high value dealer.

More information can be found [here](#).

If you have any clients in this category, please answer 'Yes'.

10. Employment agencies or other organisations vulnerable to human trafficking

A client in an industry where there is the potential for organised immigration crime and modern slavery.

Why we ask the question:

In accordance with the National Risk Assessment and government statistics organised immigration crime has been on a significant trajectory due to large scale migration caused by political instability in a number of geographic regions, such as the Middle-East for example, those living in poorer third world countries seeking economic opportunities, and those seeking to exploit vulnerable people, and particularly women and children for commercial purposes. Modern slavery includes the offences of human trafficking, servitude, forced or compulsory labour.

Many organisations are vulnerable, including those in construction, agriculture, transportation, beauty industries, employment agencies, domestic work, catering industry, garment and textile industries, entertainment, including adult entertainment, and car washes.

However, this list is not exhaustive. Firms should be particularly alert to multiple risks with the one client which could indicate the existence of Organised Crime Groups – such a client that runs an employment agency and is involved in the property rental sector, or agricultural sector for example, or a client which runs both adult entertainment and beauty businesses.

If you have clients in any industry mentioned above, or any other industry which can be open to those risks, please answer 'Yes'.

11. UK PEPs:

An individual who is entrusted with a prominent public function in the UK, other than as a middle-ranking or more junior official.

Why we ask the question:

PEPs (as well as their families and persons known to be close associates) are required to be subject to enhanced scrutiny by Firms subject to the Money Laundering Regulations 2017. This is because international standards issued by the Financial Action Taskforce (FATF) recognise that a PEP may be in a position to abuse their public office for private gain and a PEP may use the financial system to launder the proceeds of this abuse of office.

As FATF says 'these requirements are preventive (not criminal) in nature, and should not be interpreted as stigmatising PEPs as such being involved in criminal activity'.

It is because of their function that a person becomes a PEP and is required to be subject to enhanced scrutiny by Firms. Likewise, a PEP's family or close associates may also benefit from, or be used to facilitate, abuse of public funds by the PEP. It is as a result of this connection that family and known close associates are required to be subject to greater scrutiny. Family and close associates are not themselves PEPs solely as a result of their connection to a PEP.

A list of prominent functions is given in regulation 35 (14). The FCA Guidance - linked [here](#) – provides detailed guidance on what public roles within the UK are classified UK PEPs and how UK PEPs are treated.

Examples of prominent functions are given below

- Heads of state or government.
- Senior politicians, including members of parliament and ministers.
- Senior government officials (e.g., judges, ambassadors).
- Members of the armed forces or police at high levels.
- Senior executives of state-owned enterprises.

If you have any clients who are UK PEPs, or known family members or close associates of a PEP, in accordance with this FCA guidance, this question should be answered 'Yes'.

12. International PEP clients

An individual who is entrusted with a prominent public function in a foreign country, other than as a middle-ranking or more junior official.

Why we ask the question:

Similar to the position with UK PEPs, the risk with International PEPs is that a PEP may be in a position to abuse their public office for private gain and a PEP may use the financial system to launder the proceeds of this abuse of office.

Corruption is assessed to cost the global economy billions, if not trillions of pounds every year. It also undermines trust in governments and institutions. A considerable threat to the UK arises from overseas PEPs laundering illicit gains through the UK.

The [Money Laundering Regulations 2017](#) defines International PEPs as individuals who hold or have held similar prominent positions in a foreign country.

Examples of prominent functions are given below

- Heads of state or government.
- Senior politicians, including members of parliament and ministers.
- Senior government officials (e.g., judges, ambassadors).
- Members of the armed forces or police at high levels.
- Senior executives of state-owned enterprises.
- International Organization PEPs: Individuals who hold or have held positions at a senior level in international organizations (e.g., United Nations, World Bank).

Family members (spouses, partners, children, parents) and close associates of International PEPs may also be considered PEPs due to their potential influence or access to funds.

As before, please see the **FCA Guidance** for further information [here](#).

If you have any clients who are International PEPs, or known family members or close associates of a PEP, in accordance with this FCA guidance, this question should be answered 'Yes'.

13. Non face-to-face clients

A client where there are no 'in-person' interactions.

Why we ask the question:

In this digital age it is becoming more common for Firms to engage with, and provide services to, clients remotely and on-line. The absence of in-person interactions can increase the difficulty of verifying client identities (i.e. to ensure such clients 'are who they say they are'),

detecting suspicious behaviours or truly understanding the business or conducting sufficient 'Know Your Client' work.

Given these risks, Firms should have appropriate policies and procedures in place to identify such clients and ensure that these increase risks are mitigated. For example, where a client cannot be met face-to-face, the Firm may wish to meet the client over an online platform such as Teams or Zoom. The Firm could, for example, also use an electronic CDD platform which includes facial recognition for additional security.

If you have any such clients, you should answer 'Yes'.

14. Clients with a criminal record or has criminal ties

A person who has a criminal record that is a relevant offence or is connected to such a person.

Why we ask the question:

Clients with a history or connection with criminal activity, that could be relevant to a money laundering, terrorism or proliferation offence, are likely to pose a very high risk of money laundering to your Firm. Each Firm should consider a client's criminal record, or potential ties with criminals, before taking on a client and in regularly assessing the client's money laundering risk.

Relevant offences include those associated with economic crimes like fraud, bribery, dishonesty, tax offences and breaches of money laundering regulations, drugs offences, organised crime groups, human trafficking etc.

Not all offences increase the money laundering risk. For example, a motoring offence need not be included.

If you have any such clients, you should answer 'Yes'.

15. Scottish Limited Partnerships

A form of limited partnership registered under Scots law.

Why we ask the question:

Unlike other UK limited partnerships, SLPs have legal personality, which allows them to hold assets and enter into contracts in their own right. Prior to 2017, the ownership of an SLP did not require to be disclosed in SLP filings. This made SLPs attractive to those wanting to hold assets, such as property, anonymously and became popular as a money laundering vehicle, to hold property from criminal proceeds.

From 26 June 2017 onwards, SLPs are now required to disclose persons with significant control to Companies House, which has led to a large drop in their use as a money laundering vehicle.

Whilst many SLPs are legitimate as there is a risk attached to such clients, we ask you to confirm whether you have any SLP clients and to provide the number.

16. Unusual/complex business structure

A client that has layers of ownership and control that make it more complex to determine who the ultimate owners are.

Why we ask the question:

An unusual/complex client may have multiple layers of legal entities (such as companies, partnerships, trusts), multiple corporate officers, multiple shareholders, the use of nominee director or shareholders etc.

Despite the fact that many complex ownership and control structures are set up for legitimate business and purpose, there is a risk that a complex structure could be used to obscure beneficial ownership, avoid taxation obligations, conceal wealth, and launder the proceeds of criminal activities.

If you have any such clients, please answer 'Yes'.

17. Unknown beneficial ownership

Where the identity of the person or people who ultimately own or control a legal entity or asset is unknown.

Why we ask the question:

A beneficial owner is a person who has the right to control or own an asset such as a company or property.

Identifying beneficial ownership is a key component of AML compliance and is a legal requirement. By requiring the disclosure of beneficial ownership, authorities can enhance transparency, prevent illicit activities, and ensure the integrity of financial markets.

Without knowing who the beneficial owner it is impossible to ensure that, for example:

- the Firm is not engaging with a criminal, terrorist or a sanctioned person;
- the Firm is not engaging with a sanctioned or high-risk country;
- the source of wealth of a client does not come from illegal activities;

to name a few risks.

Guidance on identification of beneficial owners for different types of entities is included in the [CCAB AML Guidance](#).

If you have any such clients, please answer 'Yes'.

18. Clients with nominee shareholders, bearer shares or nominee directors

Where a business owner has appointed a third party to act on their behalf as a shareholder or director

Why we ask the question:

Nominee situations are often considered high risk because it can be used to facilitate anonymity i.e. can allow the true director/shareholder that controls the business to hide behind the nominee director/shareholder.

If you have any such clients, please answer 'Yes'.

19. Client money

A bank account in the name of the Firm which holds money on behalf of clients. Estate bank accounts held by Insolvency Practitioners.

Why we ask the question:

A client money bank account should only be used for receiving or making payments which relate to accountancy services which the Firm is performing, has performed or has been engaged to perform, for the client.

Similarly an estate account should only be used in compliance with the Statement of Insolvency Practice.

Holding a client money account or estate bank account puts the Firm at higher risk in relation to money laundering as they could be used to launder proceeds from crime.

It should not be used as banking facility for clients and Firms must remain vigilant and take steps to obtain and hold sufficient information to ensure that the client bank account or estate account is being used for a lawful and legitimate purpose and for bona fide transactions.

You are asked in this question whether you hold any client money or estate accounts - if you do, please answer 'Yes'.

20. Internet based risk factor

Where your Firm operates an online platform or business that provides accountancy or TCSP services without face-to-face client interaction.

Why we ask the question:

Firms which operate online can be higher-risk as they can face increased difficulty of verifying client identities (i.e. to ensure such clients 'are who they say they are'), detecting suspicious behaviours or truly understanding the business or conducting sufficient 'Know Your Client' work.

You should answer 'Yes' if you provide accountancy or TCSP services over the internet without face-to-face client interaction.

21. Overseas business operations

Where the Firm operates from premises outside the UK (including a second home or office abroad), or outsources services to service providers outside the UK.

Why we ask the question:

This may increase your money laundering risk because you may be providing engagement services to UK clients in a jurisdiction that has less robust AML requirements than the UK.

For example, say your Firm outsources bookkeeping and payroll services for UK clients to subcontractors based in South Africa, there is a risk that these persons are not sufficiently trained or knowledgeable on the UK money laundering regulations or are not sufficiently knowledgeable about the Firm's AML policies or procedures or the risks associated with those UK clients. It is therefore important that the Firm, in this example, ensures that the overseas subcontractors are appropriately trained on the UK AML requirements; that they comply with the Firm's UK AML policies and procedures; that the Firm has shared the Firm's Whole Firm Risk Assessment to the subcontractor so that they understand the risks in the Firm; that the subcontractors are trained on, understand and comply with the Firm's internal reporting procedures; that the subcontractors understand the UK client's risk assessment etc. This list is not exhaustive.

Another example would be where you live abroad or have an office abroad and act for both local clients abroad as well as UK clients. There is a risk that you apply local requirements, rather than UK requirements, to the UK clients.

If you have operations abroad or outsources operations abroad, please answer 'Yes'.

22. Audit

Audit is the provision of external or internal audit or assurance services to a client.

If your Firm conducts audit services, please answer 'Yes'.

Why we ask the question:

This question is asked to provide complete information about the Firm's service and does not necessarily indicate increased risks.

23. Accounts preparation

The process of preparing financial statements for a business or organisation.

Why we ask the question:

The National Risk Assessment views accounts preparation as being at high risk of money laundering as there is the risk that the Firm could be used as a professional enabler i.e. provide legitimacy and respectability by producing accounts for a person involved in money laundering.

For example, a Firm is involved in preparing the accounts for a cash-based business which, unknown to the Firm, has had illegal funds flow through the business. By producing the accounts, and not identifying the potential risks posed by the client, the Firm has acted inadvertently as a professional enabler by producing the accounts which lends an air of legitimacy and reputation as it has been prepared by a Firm of Chartered Accountants.

If you provide any accounts preparation services, please answer 'Yes'.

24. Tax compliance

Adhering to tax laws and regulations by correctly reporting income, expenses and other financial details to the relevant tax authorities. This includes the filing of tax returns, advising on tax liabilities/due dates, standard remuneration planning and timing of fixed asset purchases for capital allowance purposes.

Why we ask the question:

Similar to accounts preparation, the National Risk Assessment views tax compliance work as being at high risk of money laundering as there is the risk that the Firm could be used as a professional enabler i.e. provide legitimacy and respectability by producing tax returns for a person involved in money laundering.

For example, a Firm is involved in preparing the tax return for a cash-based business which, unknown to the Firm, has under-declared income. By producing the tax return and not having conducted sufficient analytical work to identify under-declared income, the Firm has acted inadvertently as a professional enabler by producing the tax return which lends an air of legitimacy and reputation as it has been prepared by a Firm of Chartered Accountants.

If you provide any such services, please answer this question as 'Yes'.

25. Tax planning

This includes evaluating the overall financial situation and developing strategies to ensure the minimum legal amount of tax is paid.

Why we ask the question:

This can, at times, be considered high risk as it could involve facilitating planning for those whose assets and businesses are involved in illegal activities.

Examples of tax planning would include succession planning, advising in connection with the sale or purchase of a business, IHT planning, R&D advisory work and capital allowance reports.

This would generally not include routine tax advice in connection with year-on-year remuneration planning and timing of fixed asset purchases.

If you provide any such services, please answer 'Yes'.

26. Bureau – payroll

The provision of payroll services to a client including calculating the wages and salaries and the associated payroll taxes.

Why we ask the question:

The National Risk Assessment identifies payroll services as being one of the mainstream accountancy services which is at most risk of exploitation and is considered high risk. One such risk is the use of ghost employees i.e. fake persons being set up on the payroll in order that payments out of the business appear to be legitimate payments.

If you provide any payroll services, please answer 'Yes'.

27. Bureau – bookkeeping/VAT

The keeping of the financial books and records, and recording client's transactions.

Why we ask the question:

It is considered a high-risk activity in accordance with the National Risk Assessment as bookkeepers can enable money laundering by transferring money or creating paperwork to legitimise the flow of funds, both unwittingly and knowingly. This can include trade-based money laundering, where invoices are created in the absence of a sale, or invoices inflate the value of goods sold. Records can also be created to hide the existence of taxable assets. This can legitimise large amounts of illicit funds.

Similarly keeping the VAT records and making VAT returns is also high risk and can risk sales being under-declared in order to avoid VAT, clients failing to register for VAT, VAT fraud being perpetrated.

If you provide payroll/VAT services, please answer 'Yes'.

28. Management accounting

The collecting, analysing, and reporting of financial information that is used by business leaders to make informed business decisions.

Why we ask the question:

This question is asked to provide complete information about the Firm's service and does not necessarily indicate increased risks. It is usually considered lower risk from a money laundering perspective as it is an internal reporting function.

If you conduct management reporting for clients, please answer 'Yes'.

29. Insolvency

The services conducted by a licensed Insolvency Practitioner (IP).

Why we ask the question:

They are considered to be of high risk of money laundering by the National Risk Assessment which states '*There continues to be a risk that criminals will exploit company liquidation and associated services (including insolvency practice, which may be conducted by certain accountancy professionals) to mask the audit trail of money laundered through a company*'.

Insolvency by its nature exposes the IP to many money laundering risks given the nature and types of debtors that the IP may have to, on occasions, act for. A few risks are listed here: cash-based businesses; clients with a criminal background; clients with directors' misconduct; Bounce Back Loan fraud; employee fraud; criminals setting up and winding up businesses regularly; debtors unwilling to provide books and records or not cooperating; directors misappropriation of assets; illegal directors' loans; books and records failures; underdeclared income etc.

If you provide any insolvency services, please answer 'Yes'.

30. Corporate finance

Where the Firm is involved in advising on, negotiating relating to the capital structuring, financing and investment decisions of a client.

Why we ask the question:

Corporate finance includes services in relation to raising finance (loans and equity); mergers; acquisitions; buy-ins and buy-outs; selling and purchases other businesses; business structuring; raising capital; raising start-up funds; conducting due diligence; raising finance via high-net-worth investors etc.

Corporate finance can become higher risk depending on the nature of the business and the nature of the transactions (for example if the Firm inadvertently became involved in advising an Organised Crime Group in purchasing a business; or involving a high-net-worth business 'angel' whose source of wealth is from illegitimate sources).

If you provide this service, please answer 'Yes'.

31. Management consultancy

A service that helps businesses improve their performance and solve problems via providing expert advice and objective analysis.

Why we ask the question:

This question is asked to provide complete information about the Firm's service and does not necessarily indicate increased risks.

Examples include helping businesses to create a strategic direction, providing advice on how to improve business performance, helping businesses to identify and implement cost-saving measures, helping businesses to increase sales and market share and helping businesses to develop change management strategies. This is not usually considered higher risk for money laundering.

If you provide such services, please answer 'Yes'.

32. Forensic accounting

Includes the investigation and the analysis of financial information for use in legal proceedings, or to identify fraud or embezzlement.

Why we ask the question:

This question is asked to provide complete information about the Firm's service and does not necessarily indicate increased risks.

If you conduct this service, please answer 'Yes'.

33. Probate, estate management or executry

Dealing with the assets, debts and taxation of person's estates before or after death.

Why we ask the question:

While the risk will generally be considered lower there is always the risk of the Firm acting for a client where the source of wealth is from illegal means.

If you conduct any probate or estate administration, please answer 'Yes'.

34. UK regulated agent/Overseas entity agent work

Assisting overseas entities (e.g. foreign companies, trusts, or partnerships) in complying with legal requirements to register and disclose their beneficial ownership.

Why we ask the question:

Under the UK's Register of Overseas Entities (introduced by the Economic Crime (Transparency and Enforcement) Act 2022), overseas entities that own or intend to acquire land or property in the UK must:

- Identify and verify their beneficial owners (or managing officers if no beneficial owners meet the required thresholds).
- Submit the required information to Companies House.
- Keep the information updated annually or when changes occur.

More information can be found [here](#).

This work is considered high risk given the Firm is essentially certifying that the beneficial owner information is correct, which is a higher bar than the customer due diligence work required under the money laundering regulations.

If you conduct this service, please answer 'Yes'.

35. TCSP services

These include: legal entity formation (companies, trusts, partnerships etc); providing a registered office; arranging for a person to act or acting as a director, company secretary or trustee; and submitting confirmation statements.

Why we ask the question:

Firms conducting TCSP services are required by law to be registered with their AML supervisor to do so. If you conduct TCSP services, you must disclose this to ICAS.

Please note that it does not matter how infrequently you might do TCSP work, or whether it might be provided as ancillary to some other service. Compliance with the regulations is still required in all cases.

The National Risk Assessment assesses legal entity formation (e.g. company or trust formation) and associated services as one of the highest risk services as Firms can become involved, albeit inadvertently, in establishing and administering legal entities that are being used to conceal the ownership of criminal assets and facilitate the movement of money.

Please note that if you act as a director, company secretary or a trustee and you bill for this service through your Firm, this is a TCSP service.

If you provide any such service, please answer 'Yes'.

The TCSP section is one of the most important sections in the return as all Firms conducting such services must appear on the TCSP register and failure to disclose any of these services is a criminal offence.

36. Company formation

If your Firm forms companies or other legal entities (such as SLPs or LLPs) please answer 'Yes'.

Why we ask the question:

As explained previously the formation of legal entities is considered high risk in the National Risk Assessment.

37. Trust formation

If you Firm forms trusts, please answer 'Yes'.

Why we ask the question:

As explained previously the formation of legal entities is considered high risk in the National Risk Assessment.

38. Providing registered office

Where your Firm provides the main 'official' address for a legal entity.

Why we ask the question:

Providing such services when associated with other TCSP services could be considered high risk. It will depend on the nature of the client and the nature of all services provided.

39. Arranging / acting as director / secretary

Arranging for someone to act, or acting as: a director, or company secretary of a company; partner of a partnership or other similar position in another legal entity.

Why we ask the question:

This is where a person in your Firm acts as:

- a director or company secretary to a company.
- a partner of a partnerships; or

- in a similar capacity in relation to other legal entities.

The Firm need only include director or company secretary services where the Firm is billing the client through the Firm. Where the position is held in a personal capacity and not billed through the Firm these are excluded.

It also includes where your Firm arranges for another person to be the director or company secretary. For example, the main Firm may arrange for a subsidiary of the Firm to take on all the Company Secretary roles for clients with the main Firm conducting the billing. In that case as the fees are billed through the main Firm the main Firm is arranging for someone else to be the company secretary and needs to be a TCSP.

Please note that nominee director/shareholder services are included here (which is defined in 18 above). If such services are provided these can be considered higher risk given that these services could be used, if appropriate controls are not in place, to facilitate concealment.

Further advice is provided on the government website [here](#).

40. Arranging/ acting as a trustee

Arranging for someone to act, or acting as, a trustee of a trust.

This is where a person in your Firm acts as a trustee of a trust or arranges for another person to be the trustee.

Why we ask the question:

If such services are provided these can be considered higher risk depending on the nature of the trust, its geography, the assets held etc. as they could be used for concealment.

41. Submitting a confirmation statement

If you complete and file a confirmation statement on behalf of a client, please answer 'Yes'. If you are only filing what the client has completed, then please answer 'No'.

Why we ask the question:

The confirmation statement is the responsibility of the client's directors. If the Firm submits a confirmation statement on behalf of a client it may be considered higher risk given the Firm is taking on a responsibility that belongs to the directors, and because the Firm is essentially certifying that the information is correct. The Firm is therefore at risk if they provide information which is not accurate or conduct the service for a company which has been used for concealment. The risk will depend on the nature of the client and the controls in place.

42. For how many clients do you provide TCSP service for?

Please add up the number of clients for which you conduct all of the above services i.e. company and trust formation; registered office; director, company secretary and trustee services; and confirmation statements.

43. How many legal entities has your Firm formed in the last 12 months?

Please sum the total number of company, partnership, trust and other legal entity formations in the year.

44. Of those, how many have beneficial owners resident overseas?

Please indicate in how many entity formations (whether it be company, trust, partnership, or other legal entity) there were beneficial owners resident overseas.

45. How many companies does your Firm act as a registered office for?

Please sum the total number of legal entities for which the Firm provides the registered office.

46. How many companies does your Firm conduct director services for?

Please sum the total number of legal entities for which the Firm/a person in the Firm provides director services. This includes any shadow director services where there is no director appointment, but the Firm/person is acting in this capacity.

47. How many companies does your Firm conduct nominee director or nominee shareholder services for?

Please sum the total number of appointments where your Firm, or a person in your Firm acts as a nominee shareholder or director

Why we ask the question:

A nominee service is where a business owner has appointed the Firm to act on their behalf. Nominee situations are often considered high risk because it can be used to facilitate anonymity i.e. can allow the true director/shareholder that controls the business to hide behind the nominee director/shareholder.

48. How many trusteeships do you conduct for overseas trusts?

Please sum the total number of trusteeships held by the Firm or someone within the Firm that relate to trusts registered overseas or which have overseas beneficiaries.

49. How many SARs were submitted in relation to TCSP services?

Please total the number of Suspicious Activity Reports made in relation to TCSP services i.e. company, trust, partnership etc formation; director, company secretary and trustee services; registered office services; or confirmation statements.

50. Regulatory Compliance

Most of the sections in this section should be self-explanatory to Firms as they should be embedded in your Firm's AML policies and procedures. Only the less frequent questions have been explained below.

- Have you made any Defence Against Money Laundering (DAML) SARs in the last calendar Year?

Why we ask the question:

A Defence Against Money Laundering (DAML) requires to be requested from the NCA where the Firm has made SAR to the NCA and has a suspicion that property they intend to provide services in relation to is in some way criminal, and that by dealing with it they risk committing one of the principal money laundering offences under the Proceeds of Crime Act 2002 (POCA). It is also needed before the Firm is about to accept fees from a client where it suspects that the fees will come from/tainted with criminal property.

We require to know whether any DAML requests were made in the last year.

- **If yes, how many DAMLs have been submitted to the NCA during the period of the return?**

Why we ask the question:

For the reasons set out in the last question.

Please sum the number of DAML requests made in the last 12 months.

Thank you for your cooperation and completion of the AML declaration