

26 September 2025



Proposed amendments to the Money Laundering Regulations - draft SI

Response from ICAS

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About ICAS

1. The Institute of Chartered Accountants of Scotland ('ICAS') is the world's oldest professional body of accountants. We represent over 24,000 members working across the UK and internationally. Our members work in the public and not for profit sectors, business and private practice. Approximately 11,500 of our members are based in Scotland and 10,000 in England and Wales.
2. The following submission has been prepared by the ICAS Tax Board. The Tax Board, with its five technical Committees, is responsible for putting forward the views of the ICAS tax community; it does this with the active input and support of over 60 committee members.
3. ICAS has a public interest remit, a duty to act not solely for its members but for the wider good. From a public interest perspective, our role is to share insights from ICAS members into the many complex issues and decisions involved in tax and regulatory system design, and to point out operational practicalities.

General Comments

4. We welcome the opportunity to comment on the draft SI: The Money Laundering and Terrorist Financing (Amendment and Miscellaneous Provisions) Regulations 2025.
5. Our comments relate to the proposed de minimis exemption from the Trust Registration Service, specifically this section:

*"After paragraph 23, insert—
"General exclusion 23A.—
(1) A trust which was created on or after [X date] and satisfies all of the conditions in sub-paragraph (2). (2) The conditions referred to in sub-paragraph (1) are that the trust— (a) does not hold any interest in land in the United Kingdom; (b) does not hold assets of appreciable worth with a value exceeding £2,000 in total; (c) has not held property with a cumulative total value exceeding £10,000 since the date on which it was created; and (d) does not have an income exceeding £5,000 per annum. (3) This paragraph does not apply to a trust which is not the first UK express trust that is an excluded trust under this Schedule created by the settlor during the lifetime of that settlor. (4) In this paragraph "assets of appreciable worth" includes works of art, antiques, collectibles, jewellery and other non-financial assets capable of appreciating in value."*
6. Paragraph 4.30 of the response document to the 2024 consultation on improving the effectiveness of the money laundering regulations states:

"The Government believes the de minimis model set out at paragraph 4.28, above achieves the aim of reducing the administrative burden for small, low risk trusts and HMRC. This could include, for example, local sports clubs as outlined in 4.26."
7. Unfortunately, the aim of reducing the administrative burden will not be achieved for the many small trusts that already exist, if the de minimis exemption only applies to new trusts created on or after the date the exemption comes into force. This non-retrospective approach was outlined in the response document (para 4.29), so we assume that '[X date]' in the extract from the draft regulations above, is currently intended to reflect para 4.29. This approach should be changed, so that existing small trusts can qualify for the exemption. This will also reduce administration for HMRC.
8. We do not believe it is right to exclude from exemption existing small trusts, including many small members' clubs, often run by volunteers. It has clearly been accepted that these small entities pose minimal risk for money laundering, so there should be no difference in treatment between,

for example, a small members' club established before the amended regulations take effect and one established afterwards. It would be unfair to impose the additional administrative burdens on one entity, but not on another in similar circumstances, solely because one was established earlier than the other.

Existing small trusts

9. Our response to the original consultation supported the introduction of a de minimis threshold for TRS registration to exclude bodies like small unincorporated members' clubs from the need to register. We understand there is probably widespread lack of awareness of TRS amongst these bodies and hence extensive inadvertent non-compliance. Apart from the lack of awareness amongst small bodies largely staffed by volunteers, it is undesirable to impose disproportionate administrative burdens on this kind of organisation, where there is a low risk of money laundering.
10. This technical consultation asks for "Feedback on errors, ambiguities, or unintended consequences". If the non-retrospective approach is not changed, one consequence will be that many of the existing bodies that are unaware of the need to register will simply continue to be non-compliant, which is undesirable. Those that become aware that they should be registered will be subject to the disproportionate (for this type of organisation) administrative burdens that we understood the de minimis exemption was intended to remove, with potential adverse consequences in terms of recruiting/retaining volunteers.
11. There is clearly an acceptance that small trusts that meet the conditions for exemption present minimal risk of money laundering. We understand that HMRC has not been seeking to penalise those which have inadvertently failed to register, recognising the lack of significant risk. We understood from previous discussions that the original absence of a de minimis threshold reflected the directive – now that an exemption can be introduced, we cannot see any logic or justification for excluding existing entities from the exemption where they meet the criteria.

The criteria for exemption

12. Our response to the original consultation also outlined our concerns that three of the proposed de minimis criteria would exclude many small members' clubs from falling within the exemption.
13. Clearly there has been no change to the exclusion from the exemption for bodies owning or having an interest in land. This will inevitably mean that some members' clubs, for example, some sports clubs, will be required to register on TRS. We would like to see HMRC working with relevant bodies to provide and promote detailed guidance to assist them in registering and to minimise the administration required.
14. We welcome the decision to increase the two main thresholds to £10,000 and £5,000 – this should allow more small bodies to qualify for exemption, subject to our comments above about the need to ensure that existing small trusts are included.
15. We understand the additional threshold of £2,000 for 'assets of appreciable worth' is aimed at preventing avoidance of registration by creating multiple small trusts. We note that these assets include 'works of art, antiques, collectibles, jewellery and other non-financial assets capable of appreciating in value'.
16. As set out in our original response, feedback indicates that some of the small organisations we mentioned are unlikely to prepare full accounts under UK GAAP. If they only prepare receipts and payment accounts, they may not report asset values, so could struggle to assess the value of their assets against the asset threshold (particularly where some assets, like sporting trophies, may be difficult to value). In the context of the updated thresholds in the draft regulations, it is unclear whether sporting trophies would be viewed as 'assets of appreciable worth'.
17. It would be helpful for HMRC to issue detailed guidance about valuation and the assets it regards as included in the category 'assets of appreciable worth'.



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