

Dear

**Money Laundering Regulations 2003 and their Adverse Impact on the Accountancy Profession**

I am writing to bring to your attention the significant problems the above regulations will cause me and my fellow professional accountant colleagues when imposed this September, in particular:

- The removal of client confidentiality arrangements that currently exist between a professional accountant and his client.
- The lack of a de minimus reporting value requiring any suspicion, however small a value, to be reported to NCIS.

If these issues are not addressed I fear that the reverse of what is sought may be achieved, with potential tax payers increasingly unwilling to use professional accountants when dealing with their financial affairs, resulting in an increase rather than a decrease in tax evasion.

Please give serious and urgent consideration to my concerns outlined in the briefing note attached and, before these regulations are finally endorsed by Parliament, your assistance is requested to seek:

- Retention of client confidentiality between professionally qualified accountants and their clients.
- Introduction of a minimum reporting level, which it is suggested be £2,500 (equivalent to £1,000 of Income Tax at the higher rate of 40%) below which it cannot be meaningful or efficient to involve accountancy practitioners, NCIS and the Inland Revenue in investigative activity.

As matters stand the English accountancy profession will be subject to the most stringent interpretation of European Union legislation and hence disadvantaged when compared to our colleagues practising elsewhere.

I look forward to the favour of your reply.

Yours sincerely

**Briefing Note: Money Laundering Regulations 2003 and their Adverse Impact on the Accountancy Profession**

Whilst it is acknowledged the odd bad apple will exist and which these regulations will not eliminate, the vast majority of professional accountants in practice are honest and law abiding. We encourage clients to deal with their taxation affairs within the law, and where it is their right to organise their affairs to their best advantage. Our professional performance is continuously monitored by our Institutes through their enquiries into the standards we maintain, namely:

- Adequate Professional Indemnity Insurance
- Ongoing technical education
- Ethical behaviour

We do not harbour criminals, and report such individuals and organisations to the relevant authorities should they be seen to shield their activities by utilising our services.

Our services are provided to the trading public and individuals, the vast majority of whom are also law abiding, who look to us to guide them through the increasingly complex taxation legislation, and who rely on us to ensure they comply with Inland Revenue requirements.

Clients come to us believing that, as with their doctor or solicitor, we are trustworthy individuals to whom they may disclose their legitimate affairs without fear of our reporting any inadvertent or minor business transgression to the taxation or other authorities; we work with them to correct their business or financial procedures where necessary to bring them within the law.

The general public and our clients remain blissfully unaware of what awaits them but, when the nature and obligations on these regulations is understood that, without telling them (which to do so will mean we have committed a criminal act) we must report them on suspicion of any perceived errors or omissions - however minor, our confidential handling of a client's financial affairs, together with the opportunity to ensure they remain law abiding taxpayers, will be destroyed.

Potential taxpayers will be less willing to bring their affairs to us, may fail to make returns at all or may seek out unqualified or unregulated accountants who, although covered by this legislation, are not obliged to perform to the standards we maintain and whose effective regulation is presently non-existent, with the result that the black economy is likely to increase.

Such a situation cannot be in the public interest, and modification of these money laundering regulations is therefore sought to enable professionally qualified accountants to continue to serve both the public and the public interest to the high standards currently provided.