



HM Revenue
& Customs

Visits to businesses under Money Laundering Regulations

CODE OF PRACTICE
COP28

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We have a range of services for people with disabilities, including guidance in Braille, audio and large print. For details please ask at your local HMRC office or Enquiry Centre.

This Code of Practice tells you what you can expect of us and what we expect of you when we visit your business under the Money Laundering Regulations 2007.

What is this Code of Practice about?

It explains:

- why we need to undertake visits
- how often you can expect a visit
- what you can expect to happen during the visit
- what standards you can expect from our officers
- what we expect from you.

What businesses are required to register with HMRC under the Money Laundering Regulations?

- Money Service Businesses
- Trust or Company Service Providers
- Accountancy Service Providers
- High Value Dealers

If you carry out pawn broking activities at your Money Service Business we will supervise those activities as well.

Further information can be found in our Registration Notice MLR9.

What is HMRC responsible for?

We are responsible for supervising the businesses that are required to register with us under the Money Laundering Regulations 2007.

This means that we must:

- help you to understand anti-money laundering legislation
- encourage you to comply with anti-money laundering legislation
- only make you do what is really necessary
- make you aware of any simplified procedures and ensure that you use them.

To do this we will apply a risk-based approach to supervision by using information from different sources to help us decide where to focus our resources and which businesses to visit.

We will use:

- information provided by businesses upon registration
- the results of visits and other checks carried out on businesses
- sector intelligence and analysis
- industry trends and emerging risks.

In line with the other supervisors we will inform the Serious Organised Crime Agency if, in the course of carrying out our duties we know or suspect that a business is or has engaged in or has attempted money laundering or terrorist financing.

What am I responsible for?

- You must comply with anti-money laundering legislation by putting in place risk sensitive anti-money laundering policies and procedures to prevent your business from being used by money launderers and terrorists.
- You must report suspicious activity to the Serious Organised Crime Agency.

Where can I get help or information on what I should do?

If you need any help or any information about what you have to do:

- go to www.hmrc.gov.uk/mlr, or
- phone our helpline on **0845 010 9000** (08:00am to 08:00pm).

Detailed guidance on what is required can be found in MLR 8: Preventing money laundering and terrorist financing. Accountancy Service Providers can refer to the anti-money laundering guidance produced by the Consultative Committee of Accountancy Bodies at www.ccab.org.uk

Why do you visit?

The purpose of the visit will be to make sure that you are complying with anti-money laundering legislation and taking advantage of the simplified procedures.

We will apply a risk-based approach to decide whether to visit you, but if we decide to visit your business, this does not mean that we think something is wrong.

At a visit we can talk to you about your risk sensitive policies and procedures to make sure that:

- they are being followed by your staff to prevent your business from being used by money launderers
- you are reporting suspicious activity to the Serious Organised Crime Agency
- you have an opportunity to ask about anything of which you are unsure.

Sometimes we will not need to visit your business and we will reduce costs by contacting you by phone or email for information.

How will you arrange a visit?

In most cases we will contact you by phone to arrange a visit at a convenient time for you.

We will write to you confirming:

- the date and time of the visit
- who we want to speak to
- the information we will require
- the records and documents that we will want to see.

In exceptional circumstances we may visit without an appointment. When we arrive we will give a reason for the unannounced visit and identify ourselves.

How many officers will visit?

- One or two officers will visit you.
- Normally we will let you know in advance the names and contact numbers of the visiting officers.
- Every officer will identify themselves on arrival and produce their identity card.

Who will you want to talk to?

On arrival we will need to talk to the owner of the business such as the:

- sole proprietor
- partner
- director
- person within the business responsible for compliance with anti-money laundering legislation and
- nominated officer/money laundering reporting officer.

After that you do not need to be present as long as there is a responsible person who can answer our questions and provide us with any documents or information we need.

Where will you visit?

We will normally visit your main business premises.

It is important that:

- we see how your business operates your anti-money laundering policies and procedures
- we have access to all the documentation and records relating to these procedures
- we speak to the right people.

Please tell us if this means you want our visit to take place at another business premises.

How often will you visit?

The interval between visits will vary depending on:

- the size and complexity of your business
- types of customers
- past compliance with anti-money laundering regulations.

How long will the visit last?

- We aim to carry out our visit as quickly as possible.
- It will usually take less than a day.
- It may take longer if you have a large business or different types of customers or products.
- If we need longer we will arrange with you a convenient time for a return visit.

Can I use a professional advisor?

- You can get advice at any time from a professional adviser or organisation.
- They may charge you for their services.
- If you have involved a professional adviser in the development of your anti-money laundering policies and procedures or training you may find it helpful to tell them about our visit.
- The nominated officer/money laundering reporting officer and the person within the business responsible for compliance with anti-money laundering legislation should always be present at the visit.
- The nominated officer should always be a person within your organisation.

Your business will always be responsible for supplying any documents and records of transactions and providing the information we need.

What will you do at the visit?

The focus of the visit will be on your business's risk sensitive anti-money laundering policies and procedures to make sure they successfully manage and reduce the money laundering and terrorist financing risks faced by your business.

During a visit we will always:

- check that the information held on the HMRC register is correct
- check that the right people within Money Service Businesses and Trust or Company Service Providers have undergone the fit and proper test
- ask you to explain how your risk sensitive anti-money laundering policies and procedures work
- answer any questions you have on your legal responsibilities under anti- money laundering legislation
- look at your risk assessment of the business's customers, products and services
- look at the anti-money laundering policies, procedures and training you have implemented to manage and reduce the risks you have identified.

We may also:

- examine transaction records and related documents to check that the customer due diligence measures have been adequately applied
- evaluate your systems for identifying and reporting suspicious activity to the Serious Organised Crime Agency
- check that your staff are aware of the law relating to money laundering and terrorist financing and are sufficiently trained to recognise and deal with suspicious activity
- ensure you have adequate systems in place to manage your compliance with the Money Laundering Regulations 2007.

If you are a Money Service Business or High Value Dealer we may inspect any cash found on the premises.

If you are a pawnbroker operating within a Money Service Business we will check that your anti-money laundering policies and procedures include this part of your business.

What records will you require?

Examples of business records the officer is likely to want to see include:

- anti-money laundering policies and procedures
- policy statement showing business's risk assessment of its customers, products and services
- internal audits of compliance with internal anti-money laundering procedures and controls
- external auditor's report where it relates to compliance with anti-money laundering legislation
- compliance reports in relation to anti-money laundering legislation
- bank statements relating to relevant business
- copies of and references to the evidence of a customer's identity and the supporting records of customer due diligence measures and ongoing monitoring
- staff anti-money laundering training manuals
- records of all transactions covered by money laundering regulations
- job descriptions of the senior manager responsible for compliance with anti- money laundering legislation

- records/copies of suspicious transactions, action taken, copies of any Suspicious Activity Reports submitted to the Serious Organised Crime Agency and any correspondence from them concerning consent.

We will look at Suspicious Activity Reports for anti-money laundering legislation purposes only and not for tax purposes.

What will happen at the end of the visit?

At the end of the visits we will:

- review with you what we have done
- explain any areas of concern and agree any action that you need to take
- answer any questions you have.

What will happen after the visit?

- We will put in writing any action that you need to take and warn you of any liability to penalties.
- We will give you a reasonable time to provide any information and to put things right.

How can I help you?

You can help us by:

- letting us know of any changes to your business details
- providing us with the information and explanations we request
- asking us if there is anything you are unsure of
- helping us to understand your anti-money laundering policies and procedures and records of customer due diligence
- replying to correspondence within the specified time
- quoting your Money Laundering Registration number when you contact us.

When will you issue penalties?

The purpose of penalties is to ensure that businesses have the appropriate anti- money laundering controls in place.

We will only issue penalties if you do not take reasonable steps to follow our advice and guidance.

Customer Service

HM Revenue & Customs commitment

We aim to provide a high quality service with guidance that is simple, clear and accurate.

We will:

- be professional and helpful
- act with integrity and fairness, and
- treat your affairs in strict confidence within the law.

We aim to handle your affairs promptly and provide you with all the help and advice you need.

Putting things right

If you are not satisfied with our service, please let the person dealing with your affairs know what is wrong. We will work as quickly as possible to put things right and settle your complaint.

If you are still unhappy, ask for your complaint to be referred to the Complaints Manager.

These notes are for guidance only and reflect the position at the time of writing. They do not affect any right of appeal.

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