



# HMRC'S ANTI-MONEY LAUNDERING (AML) SUPERVISION FEES

Response to the policy paper on behalf of  
Compliance for Accountants Limited

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## Introduction

*Compliance for Accountants* exists to support small and medium-sized accountancy practices (SMPs) with their compliance needs, enabling the practice to devote more resources to the needs of their clients. Accountants, clients and the wider public all stand to benefit from effective compliance in areas such as anti-money laundering, data privacy and protection, ethics and meeting the wider regulatory requirements of the profession. As an organisation that leads by example, with ethics and the public interest at its core, *Compliance for Accountants* aims to be the most trusted and respected provider of compliance solutions for SMPs.

Although AML supervision must serve the interests of the general public, we support the stated policy that supervised businesses should pay for the costs of their supervision, as AML supervision is a condition of their ability to operate. We note the statement in the policy paper:

*'We have modelled our proposed fee increase within the existing fee structure whilst treating supervised businesses fairly and keeping fees as simple as possible.'*

We do not believe that assertion is supported by the paper, past fee levels or the current proposals. First, it is worth noting that increases in fees and changes to the structure over recent years suggest an erratic and unpredictable approach to measuring and recovering the costs of supervision. This is illustrated in the following table:

	2017		2019		2020		2025 (intended)	
	£	%	£	%	£	%	£	%
Application fee	100	-	100	0.0	-	-	400	300.0
Per premises annual fee	130	-	300	130.8	300	0.0	400	33.3
Small business annual fee <sup>1</sup>	130	-	180	38.5	180	0.0	200	11.1
Approval fee (BOOMs)	40	-	40	0.0	40	0.0	40	-
Penalty admin charges:								-
Compliance penalty			1,500	-	1,500	0.0	2,000	33.3
Failure to register			350	-	350	0.0	2,000	471.4
Failure to notify			350	-	350	0.0	350	-
Fit and proper checks (for TCSPs)	100	-	150	50.0	150	0.0	700	366.7

HMRC has stated that the discussion concerning its AML supervision fees is to run only from 31 July 2025 to 29 August 2025. This short period underlines the fact that this is *not* a consultation. The policy paper claims to set out the background to the *proposed* fee increases and to *notify* businesses of the *intended* fee changes. The words 'proposed' and 'intended' are used interchangeably throughout the paper, although they have quite different meanings. Intended next steps will be published in the weeks following 29 August and so it appears unlikely that responses to the policy paper will have an impact on those intended next steps.

<sup>1</sup> This has been ignored for comparison purposes, as it only relates to businesses with turnover of less than £5,000.



## Accountancy Service Providers

This response is largely from the perspective of Accountancy Service Providers (ASPs). ASPs are often also registered as Trust or Company Service Providers (TCSPs).

The rationale for HMRC's intended fee increases appears to be further enhancements to its response to the threat of money laundering and terrorist financing and additional requirements placed on HMRC and other supervisors. Accountants who are relevant persons are likely to highlight the fact that the Professional Body Supervisors (PBSs) have also been subjected to additional requirements, largely driven by OPBAS.<sup>2</sup>

We recognise that HMRC supervises more than 36,000 businesses across a range of business sectors. Of those businesses, more than 16,000 are ASPs,<sup>3</sup> which is a significant number and a larger supervised population than any of the accountancy PBSs. HMRC's responsibilities as a supervisor (as listed in the policy paper) are the same as those of the PBSs. Therefore, given the large supervised population, we would expect HMRC to benefit from significant economies of scale.

It is relevant to compare the fees charged with those charged by the PBSs, all of which have an obligation to ensure that the costs of AML supervision are not subsidised by their members who are not relevant persons. There is an important difference between HMRC and the PBSs in that HMRC cannot apply the financial penalties it collects to its supervisory work. However, this is of little significance in practice. According to information published on gov.uk, in the six months to 31 March 2025, 91 ASPs were fined by HMRC, resulting in financial penalties of £539,000.<sup>4</sup> This represents an average fine of just under £68 per annum per ASP supervised by HMRC. In comparison, in the year to March 2024, ICAEW levied fines totalling £92,000, which equates to only £9.28 per ASP it supervised during that year.<sup>5</sup>

### *Recovering enforcement costs*

It is an established principle that a regulator must not be constrained from taking regulatory action by the costs of taking that action. Therefore, in 2020, HMRC started to impose administration charges alongside any penalties levied. The most significant intended increase in those administration charges is in respect of a failure to register with HMRC for AML supervision. The intended increase (since its introduction in 2019) is from £350 to £2,000 – an increase of 471% over 6 years.

The paper does not explain that increase, which is in an area in which enforcement is not expected to be complicated. We acknowledge that HMRC has the role of 'policing the perimeter', which most PBSs do not have. However, the cost of that activity should not be conflated with the cost of taking action against those firms that are found to be in breach.

PBSs tend to recover the costs of investigation and enforcement from those relevant persons who are found to be in breach. Decisions relating to appropriate sanctions and the award of costs are taken by independent regulatory and disciplinary committees. Costs are awarded (if deemed appropriate) with reference to the costs actually incurred and claimed by the PBS. There is no such independent decision-making in the procedures of HMRC. The way in which HMRC's penalty administration charges are capped to the level of the penalty levied creates a bias towards compliance penalties being levied above £1,500 (soon intended to be £2,000). We note that the administration charge is, in future, to be known as the '*sanctions* administration charge', as HMRC

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<sup>2</sup> Office for Professional Body Anti-money laundering Supervision

<sup>3</sup> HM Treasury; *Anti-money laundering and counter-terrorist financing: Supervision Report: 2023-24*

<sup>4</sup> *Corporate report: Businesses that have not complied with the money laundering regulations (2024 to 2025)*

<sup>5</sup> HM Treasury; *Anti-money laundering and counter-terrorist financing: Supervision Report 2023-24*



‘intends to broaden the scope of the penalty administration charge to cover all types of sanctions for non-compliance’.<sup>6</sup> The policy paper is silent on whether an administration charge in respect of a non-financial sanction will be uncapped.

### Other fees

There is very little publicly available information about HMRC’s costs of AML supervision. According to HM Treasury’s Supervision Report for 2023/24:

*‘HMRC had 412.6 full-time equivalent (FTE) employees dedicated to AML supervision in 2023-24. This demonstrates a year-on-year increase in supervisory staff from the 343 and 397 full-time employees dedicated to AML supervision in 2021-22 and 2022-23, respectively. HMRC’s total expenditure on AML/CTF supervision for 2023-24 was an estimated £23.5m.’*

HMRC’s 412.6 members of staff (full-time equivalent) dedicated to AML/CTF supervision, compares to 157.66 across all the accountancy PBSs and around 53 across the legal PBSs. This naturally raises the question of whether HMRC is overstaffed.

The PBSs tend to recover the costs of AML supervision through:

- direct recovery of the levy they pay to OPBAS, and
- practising certificate (PC) fees.

By way of example, ICAEW recovers the OPBAS levy at a rate of £60 per PC holder, and its PC fee for 2025 is £456. However, the PC fee is to cover more than the costs of AML supervision. It helps to fund ICAEW’s Practice Assurance scheme, within which monitoring visits are expanded to cover firms’ compliance with professional standards, including the Code of Ethics, the quality of work performed and regulations in areas such as the handling of clients’ money.

Comparisons are not easy. However, most accountancy practices in the UK are sole practitioners, who, in future, will be required to pay £400 annually to HMRC. This is in addition to application fees and approval fees (for BOOMs) and fees for any fit and proper checks where the practitioner offers TCSP services. This does not compare favourably with the fees of ICAEW (for example), which would require only annual fees (totalling £516), which cover much more than AML supervision, including the reputational benefits of being regulated by a professional body.

	2017		2019		2020		2025 (intended)	
	£	%	£	%	£	%	£	%
Application fee	100	-	100	0.0	-	-	400	300.0
Per premises annual fee	130	-	300	130.8	300	0.0	400	33.3
Small business annual fee <sup>7</sup>	130	-	180	38.5	180	0.0	200	11.1
Approval fee (BOOMs)	40	-	40	0.0	40	0.0	40	-

The above table summarises the intended fee changes for firms supervised by HMRC. The perioding swings in fees being charged, including the removal and proposed reinstatement of the application fee, suggest uncertainty. It appears HMRC is unclear about the allocation of costs between relevant persons (and different business sectors) and, therefore, is unclear about how to recover those costs.

<sup>6</sup> Policy paper: *HMRC’s anti-money laundering (AML) supervision fees*

<sup>7</sup> This has been ignored for comparison purposes, as it only relates to businesses with turnover of less than £5,000.



HMRC appears to be stating that it has got it wrong in the past. (The section of the paper on the fit and proper test fee also appears to bear this out, although it is somewhat unclear.)

## Conclusion

We strongly believe that HMRC's AML supervision fees are already too high, and the policy paper has failed to explain why any further increases are necessary. It has not set out the costs of AML supervision and has made no attempt to apportion its costs between the various business sectors that it supervises.

The inconsistency in fees over the years and failure to explain the basis for those fees leads to the conclusion that there is a high level of inefficiency in HMRC's supervisory arrangements. We suspect this is due to the diverse range of businesses supervised by HMRC, which has impeded the ability of HMRC to create economies of scale. This has come at a cost to ASPs in particular.



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