



EU obligations on anti-money laundering and combatting terrorist financing

**for accountants, tax advisors,
and auditors**

1 Why is this important for my practice and myself?

Obligations regarding anti-money laundering and anti-terrorist financing apply to auditors, external accountants and tax advisors, when they are carrying out their professional activities. In other words, these rules impact on every aspect of your professional practice.

Money-laundering and terrorist-financing, and assisting to such activities, are a crime in all 28 Member States. As an auditor, accountant or tax advisor, you must respect specific obligations which derive from EU law.

If you do not comply with the following requirements:

- Client due diligence measures, including monitoring;
- Reporting suspicious transactions by your clients to Financial Intelligence Units (FIU), including record-keeping regarding such reports;
- Training;

you can face, as a minimum, the following sanctions:

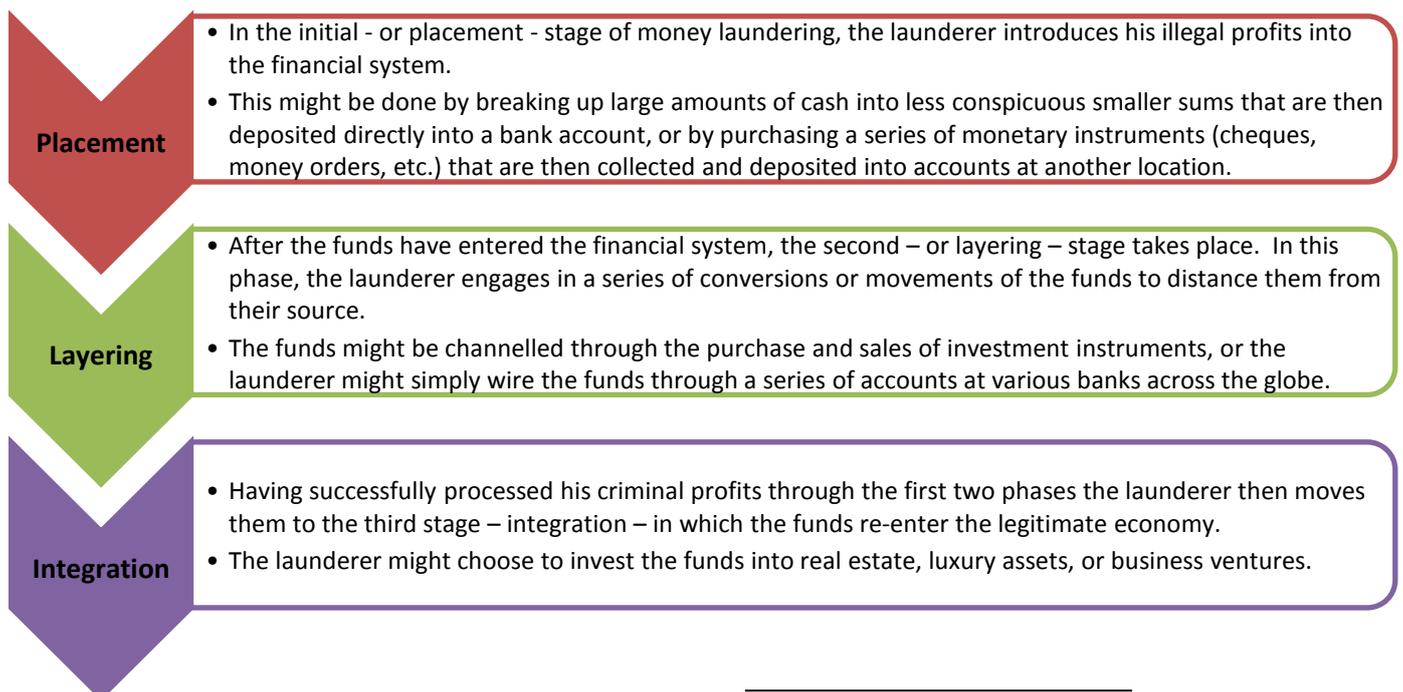
- Withdrawal of your authorisation to practice;
- Publications in the press that you have breached your compliance requirements;
- Financial sanctions up to € 1 million.

You are not specifically required to look for money-laundering and terrorist-financing, but you must have sufficiently robust internal procedures to identify and report any suspicion of such activities.

Any transaction, even the slightest, can relate to money laundering and terrorist financing – it is not unusual for money to be laundered using numerous small transactions so don't assume that a report is not required because the individual value of a transaction is low.

2 What is money laundering?¹

The goal of a large number of criminal acts is to generate a profit for the individual or group that carries out the act. Money laundering is the processing of these criminal proceeds in order to disguise their illegal origin. The three stages of money laundering are depicted below.



¹ Financial Action Task Force, [FATF](#)

3 Is there a link between money-laundering and terrorist-financing?

Yes, the techniques used for money-laundering are similar to those used to hide the sources of terrorist financing. Funds used to support terrorism may be legal, criminal, or both. If the sources of terrorist-financing can be concealed, they remain available for future terrorist financing activities. EU legislation makes it very clear that terrorist-financing is prohibited.

This is an on-going issue, and should not be dealt with lightly. Cases of terrorist-financing affecting the profession happen more often than you think. Mitigating this risk should feature strongly in your firm's ongoing risk assessment procedures.

4 What do I have to do?

Under the current European requirements, you must, as a minimum, comply with the following obligations:

- Train yourself and your staff on existing compliance requirements, make sure you have the right internal rules, preventative policies and procedures, and that your IT system is up to date.
- Identify and verify the identity of your clients (new and existing) and of their beneficial owners by establishing the identity of the natural person who ultimately owns or controls a company. Registers with information concerning the beneficial ownership of companies and trusts will be available in your country, but you cannot solely rely on this information.
- Monitor the transactions of – and the business relationship with – your clients. When dealing with politically exposed persons (PEPs), you must apply additional measures.
- Report suspicions of money-laundering or terrorist-financing to the public authorities – usually your national FIU. Be aware that tipping off concerning a suspicious activity or an investigation concerning your client is strictly forbidden!

5 When am I particularly at risk?

You should take extra caution and exercise particular diligence when providing the following services:²

- Giving financial and tax advice;
- Creating corporate vehicles or other complex legal arrangements;
- Buying or selling of property;
- Performing financial transactions;

6 Where do I find more information?

Your professional institute and national FIU have further resources available, and will be able to guide you on the specific requirements applicable in your jurisdiction.

Please also see the related [FEE Information Paper](#) that sets out the main legislative changes between the Third and Fourth Anti-Money Laundering Directive relevant for European professional accountants and auditors.

² Financial Action Task Force on Money Laundering, Report on Money Laundering Typologies 2000/2001

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