

Licence Exemption Policy

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Associated regulations and policies

<i>Code of Professional Ethics</i>
<i>Disciplinary Regulations</i>
<i>AAT Regulations</i>
<i>Licensing Regulations</i>
<i>Publication Policy</i>
<i>Professional Indemnity Insurance Policy</i>

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1. Introduction

- 1.1. AAT recognises that some *members* providing services to clients do not require a licence. This policy sets out the criteria upon which AAT may exempt associate members, full members, and fellow members from holding a licence.

2. Scope and applicability

- 2.1 This policy shall apply to all members who are offering or providing *self-employed accountancy services* or *bookkeeping services* within the UK, Channel Islands, or Isle of Man.

3. Purpose and objectives

- 3.1 This policy set out the terms upon which AAT will grant a licence exemption and the general conditions of continuing to be eligible for an exemption.

4. Terms and definitions

- 4.1 The words and phrases set out in the following table only have the meanings set opposite them for the purpose of our regulations and policies as published by AAT from time to time in force.

Words	Meaning
<i>accountancy services</i>	Any or all services within the <i>Licence Tiers</i> as described in Schedule 1 of these Regulations.
<i>bookkeeping services</i>	Any or all services within <i>Licence Tier 4</i> only as described in Schedule 1 of these Regulations.
<i>anti-money laundering supervision</i>	Supervision of anti-money laundering compliance requirements from time to time in accordance with the <i>Money Laundering Regulations</i> and <i>Proceeds of Crime Act</i> in force.
<i>firm</i>	A sole practitioner who is a member, or a partnership, or a body corporate or a limited liability partnership comprised in whole or in part of members, the business of whom or of which includes the provision of <i>accountancy services</i> .
<i>held out</i>	A <i>member</i> who is actively engaged or employed within an entity that fulfils the definition of a <i>firm</i> where there is no level of seniority over the member and members of the public are led to believe they are a <i>Principal</i> .
<i>licence</i>	A licence to provide <i>accountancy services</i> and/or <i>bookkeeping services</i> to the public under these <i>Licensing Regulations</i> .
<i>licensing decision</i>	Any decision to grant, refuse or terminate a <i>licence</i> under these <i>Licensing Regulations</i> .
<i>Licence Tier</i>	A <i>licence</i> may be granted at one of a range of levels known as <i>Licence Tiers</i> (tier 1 – 4), each of which corresponds to the scope of services the holder is permitted to provide.
<i>member</i>	A person admitted to the membership of AAT in accordance with the provisions of the <i>AAT Regulations 2023</i> (where the context

	so permits), this term includes <i>associate members</i> , <i>full members</i> , and <i>fellow members</i> , whether past or present.
<i>professional indemnity insurance (PII)</i>	A policy of liability insurance against claims of professional negligence which meets the minimum standards required by AAT as articulated in the <i>Professional Indemnity Insurance Policy</i> .
<i>public practice</i>	A <i>member</i> is engaged in <i>public practice</i> when they provide, or are <i>held out</i> to be able to provide, <i>self-employed accountancy services</i> , including <i>bookkeeping services</i> , to the public for remuneration, whether in the capacity of sole practitioner, a partner in a partnership, a member in a limited liability partnership, or a director of a body corporate.
<i>self-employed accountancy services</i>	An <i>associate member</i> , <i>full member</i> or <i>fellow member</i> engaged in public practice by offering or providing <i>accountancy services</i> or <i>bookkeeping services</i> to the public, or holding themselves out to provide <i>accountancy services</i> and/or <i>bookkeeping services</i> to the public as: <ul style="list-style-type: none"> • a sole practitioner • a director of a limited company that provides accountancy or bookkeeping services and holds at least 5% of the shares* of the company; or • a partner in a partnership (whether salaried or equity and holds at least 5% of the shares*); or • a member of a limited liability partnership (designated and non-designated members) that provides accountancy or bookkeeping services and holds at least 5% of the shares* • a principal in any other corporate entity that provides accountancy or bookkeeping services and holds at least 5% of the shares* of the entity. <p>* <i>Shares belonging to anyone in the member's household or family are treated as belonging to the member.</i></p>
<i>specific condition</i>	A condition or conditions on a <i>licence</i> imposed under the <i>Licensing Regulations</i> .

5. Licence Exemption

5.1 Associate members, full members and fellow members providing self-employed accountancy services to clients are only exempt from holding a licence if they meet the criteria below:

- 5.1.1 they are authorised and regulated by any of the following professional accountancy bodies for the provision of services to clients:
- i. ICAEW - The Institute of Chartered Accountants in England and Wales
 - ii. ICAS - Institute of Chartered Accountants of Scotland
 - iii. CAI – Chartered Accountants Ireland

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- iv. ACCA - Association of Chartered Certified Accountant
 - v. CIMA - Chartered Institute of Management Accountants
 - vi. AIA - Association of International Accountants

5.1.2 they provide services to other accountancy or bookkeeping firms on a subcontractor basis only and have a written subcontracting agreement in place which clarifies the following arrangements:

- i. roles and responsibilities in performing services to clients;
- ii. Professional Indemnity Insurance (PII);
- iii. confidentiality, GDPR and other data protection legislation; and
- iv. anti-money laundering requirements, including supervision arrangements, the application of the main contractor's policies, controls, and procedures, such as training arrangements, customer due diligence and the reporting of suspicious activity if identified through the course of performing any work.

5.1.3 they provide professional services which have been agreed by AAT to be outside those in Schedule 1 – Licence Tiers.

5.2 Licence exemptions will be granted upon receipt of a completed licence exemption form and any supporting evidence as prescribed by AAT.

5.3 Members approved as exempt from holding a licence may not refer to themselves as being licensed by AAT or advertise their services in connection to AAT in any way.

5.4 Members approved as exempt from holding a licence must confirm to AAT that they continue to meet the criteria in 5.1.1, 5.1.2 and 5.1.3 as part of their annual membership renewal and may be asked to provide supporting information at any time.

5.5 Members granted a licence exemption must inform AAT immediately if they are no longer eligible for an exemption.

6. Schedule 1 – Licence Tiers

The below outlines the *accountancy and bookkeeping services* which *members* can apply to deliver and the *licence tier* they fall within. *Members* are not automatically approved in all services within a tier; approval of services is on an individual basis and subject to demonstration of competence in the area.

<i>Licence tier</i>	Available to	Services
Tier 1	<i>Full members, fellow members</i>	<ul style="list-style-type: none"> • Limited Assurance Engagement • Independent Examination • Internal Audit • Forensic Accounting • Company and Secretarial Services (acting as a Trust and Company Service Provider (TCSP)) • Any/all tier 2 services • Any/all tier 3 services • Any/all tier 4 services
Tier 2	<i>Full members, fellow members</i>	<ul style="list-style-type: none"> • Personal Income Tax • Business Income Tax • Corporation Tax • Capital Gains Tax • Inheritance Tax • Any/all tier 3 services • Any/all tier 4 services
Tier 3	<i>Full members, fellow members</i>	<ul style="list-style-type: none"> • Budgeting and forecasting • Financial accounts and accounts preparation of full and abbreviated accounts required for statutory purposes by the prevailing Companies Act • Management accounting • Any/all tier 4 services
Tier 4	<i>Full members, fellow members, associate members</i>	<ul style="list-style-type: none"> • Bookkeeping - the part of accounting which deals with the recording of actual transactions in monetary terms, excluding the calculation of transactions. • Financial accounts and accounts preparation for sole traders and partnerships only, specifically excluding any accounts required for statutory purposes by the prevailing Companies Act. • Computerised Accountancy Systems • Value Added Tax • Payroll

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