

# Licence Exemption Policy

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## Document properties

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## Change control

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Version No.	Page	Changes made	Date
V1.1	4	Requirement for sub-contracting agreement to include arrangements for professional indemnity insurance, GDPR compliance, and anti-money laundering policies, procedures, and controls.	19/06/2019
V2.0	4	Inclusion of “written agreement” in paragraph 4(b) to make clear the requirement is that any subcontracting agreement be documented.	01/07/2022
V2.0	5	Inclusion of paragraph 7 that <i>members</i> approved as exempt from holding a <i>licence</i> must confirm to AAT that they continue to meet the criteria in 4a), 4b) or 4c) as part of their annual membership renewal and may be asked to provide supporting information at any time.	01/07/2022

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## Associated regulations and policies

*Code of Professional Ethics*

*AAT Regulations*

*Disciplinary Regulations*

*Licensing Regulations*

*Licensing Policy*

*Health and Disability Policy*

*Money Laundering Regulations*

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## Introduction

AAT recognises that some members providing *self-employed accountancy 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*.

## Scope and applicability

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

## Purpose and objectives

2. 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.

## Terms and definitions

3. The website is the definitive guide to all policies currently in force. All terms in italics, save titles of publications, are interpreted in the *AAT Glossary* which supports the entire policy framework.

## Policy detail

4. *Associate members*, *full members* and *fellow members* providing *self-employed accountancy services* to clients are exempt from holding a *licence* if they meet the criteria in 4a), 4b) or 4c) below:
  - a) they are authorised and regulated by any of the following 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
    - iv. ACCA - Association of Chartered Certified Accountants
    - v. CIMA - Chartered Institute of Management Accountants
    - vi. AIA - Association of International Accountants
  - b) they provide services to other accountancy firms on a subcontractor basis only and have a written subcontracting agreement in place clarifying their role and responsibilities, along with arrangements in place for professional indemnity insurance, GDPR compliance, and anti-money laundering policies, procedures, and controls.
  - c) they provide professional services which have been agreed by AAT to be outside those outlined in Schedule 1 – *Licence Tiers*.

5. *Licence* exemptions will be granted upon receipt of a completed *licence* exemption form and supporting evidence as prescribed by AAT.
6. *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.
7. *Members* approved as exempt from holding a *licence* must confirm to AAT that they continue to meet the criteria in 4a), 4b) or 4c) as part of their annual membership renewal and may be asked to provide supporting information at any time.
8. *Members* granted a *licence* exemption must inform AAT immediately if they are no longer eligible for exemption.

## 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 as set out in the *Licensing* policy.

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

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