

# Licensing Regulations

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## Document properties

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## Change control

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Version no.	Page	Changes made	Date
V2.0	4	Inclusion of “hold themselves out to provide any accountancy or bookkeeping services to the public”.	09/06/2021
V2.0	6	Any termination of a <i>licence</i> unable to reapply for a <i>licence</i> for a minimum period of 12 months.	09/06/2021
V2.0	6	Member required to submit to <i>practice assurance monitoring</i> prior to approval at their own expense	09/06/2021

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## Associated regulations and policies

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<i>Code of Professional Ethics</i>	<i>Civil Sanctions Policy</i>
<i>Disciplinary Regulations</i>	<i>Disciplinary Sanctions Policy</i>
<i>AAT Regulations</i>	<i>Insolvency Policy</i>
<i>Professional Standards Investigation Policy</i>	<i>Criminal Convictions Policy</i>
<i>CPD Policy</i>	<i>Clients’ Money Policy</i>
<i>Appeals Regulations</i>	<i>Professional Indemnity Insurance Policy</i>
<i>Protected Characteristics Policy</i>	<i>Client Care Policy</i>
<i>Health and Disability Policy</i>	<i>Continuity of Practice Policy</i>

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## Introduction

1. It is in the public interest for AAT to be satisfied that applicants for a licence demonstrate technical competence, adhere to practice assurance standards, and demonstrate their status as a fit and proper person to hold a licence. Associate members, full members and fellow members providing *self-employed accountancy and/or bookkeeping services* to clients must hold a licence. The *Licensing Regulations* were made by the Council on 20 November 2014 under Articles 23 and 65 of the *Articles of Association*. These Regulations came into force on 1 July 2021 superseding all previous *Licensing Regulations*

## Scope and applicability

2. The Regulations shall apply to all professional and licensed members who are offering or providing *self-employed accountancy services* (including bookkeeping services) within the UK, Channel Islands, or Isle of Man.
3. A *member* must not engage in *public practice* by offering or providing *self-employed accountancy services* or *hold themselves out* to provide any *accountancy services* or *bookkeeping services* to the public, unless licensed to do so in accordance with these *Regulations* or approved for an exemption in accordance with the *Licence Exemption* policy.
4. A *member* may be licensed under these *Regulations* at a level (a *Licence Tier*) ranging from 1 to 4 according to the criteria set out in Schedule 1 from time to time in force.
5. A *member* may provide only those *accountancy services* or *bookkeeping services* for which they are licensed. Offering or providing *accountancy services* and/or *bookkeeping services* outside the scope of a *licence* may be grounds for *misconduct* under the *Disciplinary Regulations* or for termination of a *licence* under Regulation 12 below.

## Purpose and objectives

6. These Regulations set out the terms upon which AAT will grant a licence and the general *conditions* of continuing to hold the licence.

## Terms and definitions

7. 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 the <i>Licensing Regulations</i> .
<i>bookkeeping services</i>	Any or all services within <i>Licence Tier 4</i> only as described in Schedule 1 of the <i>Licensing Regulations</i> .
<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>appeal</i>	The appeal of any decision to refuse a <i>licence</i> or to impose a <i>specific condition</i> under the <i>Licensing Policy</i> or to terminate a licence under the <i>Licensing Regulations</i> .
<i>client care</i>	The arrangements required of those holding a <i>licence</i> for ensuring proper standards of <i>client care</i> and service as detailed in AAT's <i>Client Care Policy</i> .
<i>clients' money</i>	Money of any currency (whether in the form of cash, cheque, draft, or electronic transfer) which a <i>firm</i> holds or receives for or from a client, including money held by a <i>firm</i> as stakeholder, and which is not immediately due and payable on demand to the <i>firm</i> for its own account. Clients' money must be held in the currency in which it was received unless the client instructs otherwise in writing.
<i>continuity of practice</i>	Arrangements with an alternate professional accountant to cover all work in the event of long-term absence.
<i>fit and proper</i>	A person considered to be suitable for entry into the accountancy profession by virtue of their conduct, who has not acted or is not likely to act in a way that poses a risk to the public or is likely to undermine confidence in AAT or its <i>members</i> .
<i>firm</i>	A sole practitioner who is a <i>member</i> , or a partnership, or a body corporate or a limited liability partnership comprised in whole or in part of <i>members</i> , the business of whom or of which includes carrying on the profession of accountancy.
<i>hold themselves 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 clients are led to believe they are a Principal.
<i>licence</i>	A licence to provide <i>accountancy and/or bookkeeping services</i> to the public under the <i>Licensing Regulations</i> .
<i>licensing decision</i>	Any decision to grant, refuse or terminate a <i>licence</i> under the <i>Licensing Regulations</i> .
<i>Licence Tier</i>	A <i>licence</i> may be granted at one of a range of levels known as Licence Tiers (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</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>misconduct</i>	Professional or personal conduct, in breach of the <i>Code of Professional Ethics</i> , which poses a risk to the public or is likely to undermine public confidence in AAT or its <i>members</i> .
<i>practice assurance monitoring</i>	AAT's quality assurance arrangements to assess if <i>members</i> holding a <i>licence</i> are meeting the expected requirements of the practice assurance standards, regulations, and the <i>Code of Professional Ethics</i> .
<i>practice assurance standards</i>	The practice standards required of those holding a <i>licence</i> .
<i>Principal</i>	A <i>member</i> who is a sole practitioner or who is a partner in a <i>firm</i> which is a partnership or who is a director of a <i>firm</i> which is a body corporate or who is a partner in a limited liability partnership.
<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>	<i>Members</i> are engaged in <i>public practice</i> when they directly provide or hold themselves out to provide <i>accountancy services</i> or <i>bookkeeping services</i> to the public for remuneration.
<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> and/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"> <li>• a sole practitioner</li> <li>• a director of a limited company that provides accountancy or bookkeeping services and holds at least 5% of the shares* of the company; or</li> <li>• a partner in a partnership (whether salaried or equity and holds at least 5% of the shares*); or</li> <li>• 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*</li> <li>• a principal in any other corporate entity that provides accountancy or bookkeeping services and holds at least 5% of the shares* of the entity.</li> </ul> <p>* Shares belonging to anyone in the member's <i>household</i> or <i>family</i> are treated as belonging to the member.</p>
<i>specific condition</i>	A condition or conditions on a <i>licence</i> imposed under Regulation 11 of the <i>Licensing Regulations</i> .

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# Policy detail

## General provisions relating to licence applications

8. A member who wishes to apply for a licence or reinstatement of a licence under these Regulations shall do so by:
  - a) submitting the relevant application; and
  - b) providing the *Association* with such information or documents as may be prescribed; and
  - c) paying the *prescribed fee*.
9. On receipt of an application under the *Regulations*, the *Association* shall decide whether to grant or refuse the application and shall notify the *member*, accordingly, giving reasons for any *licensing decision* to refuse.
10. Before reaching a decision on an application under these *Regulations*, the *Association* may:
  - a) require the *member* to undertake such other steps as it may specify in order for the *member* to be licensed in accordance with one of the *Licence Tiers* set out in the *Licensing Policy*; and
  - b) require from the *member* or a third party such additional information, documents, or references as it considers appropriate (and *members* shall provide their full cooperation to the *Association* in connection with any such requirements).

## General conditions of licences

11. It shall be a *condition* of all grants of a *licence* that the *member* holding the *licence*:
  - a) continues to meet AAT's *fit and proper* requirements as set out in the following policies:
    - I. *Convictions Policy*
    - II. *Insolvency Policy*
    - III. *Disciplinary Sanctions Policy*
    - IV. *Civil Sanctions Policy*

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- b) has submitted an annual licence declaration by the deadline prescribed by AAT
  - c) has paid any *prescribed fee* due in respect of that *licence* including any renewable fee and does not owe the *Association* any other monies
  - d) complies with AAT's *CPD Policy*
  - e) maintains *continuity of practice* arrangements in accordance with the *Continuity of Practice Policy*
  - f) has in place at all times arrangements for *professional indemnity insurance*, *client care*, holding *clients' money* and *anti-money laundering supervision* that are in line with AAT's policies
  - g) complies with the *Practice Assurance Standards* and submits to *practice assurance monitoring* when required to do so
  - h) complies fully with the *Money Laundering Regulations* in force
  - i) complies fully with AAT's *Code of Professional Ethics*
  - j) is at all times in compliance with any sanction determined under the *Disciplinary Regulations*
  - k) complies with any specific *condition*, requirement, modification or restriction imposed on their *licence* by AAT or by order of the Disciplinary Tribunal.

### **Termination of a *licence***

- 12. If a *member* breaches any *specific condition* or any *general condition* under Regulation 11 of these *Regulations* or provides *accountancy services* outside the scope of his or her *licence*, the *Association* may terminate the *licence* with immediate effect.
- 13. Any *licence* granted under these *Regulations* shall automatically cease if the *member* holding the *licence* fails to renew it, resigns, or is expelled from the *Association* for any reason.
- 14. Termination of a *licence* will normally result in termination of all membership unless written confirmation and evidence, as required, is provided to AAT to demonstrate that the member is no longer engaged in public practice and not offering or providing *self-employed accountancy services* or *bookkeeping services*.
- 15. Any termination of a *licence* will normally result in the member being unable to reapply for a *licence* for a minimum period of 12 months, and on receipt of any subsequent reapplication for a *licence*, the member may be required to submit to *practice assurance monitoring* prior to approval at their own expense.
- 16. A member may *appeal* any *licensing decision* to refuse or terminate a *licence* under these *Regulations* (save automatic termination of *licence* under Regulation 13) and such appeal shall be dealt with under the *Appeals Regulations*).



## 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>	<i>Available to</i>	<i>Services</i>
Tier 1	<i>Full members, fellow members</i>	<ul style="list-style-type: none"> <li>• Limited Assurance Engagement</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 accounts 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 accounts and accounts preparation for sole traders and partnerships only, specifically excluding any accounts required for statutory purposes by the prevailing Companies Act.</li> <li>• Computerised Accountancy Systems</li> <li>• Value Added Tax</li> <li>• Payroll</li> </ul>

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