

Chancellor announces levy on companies subject to anti-money laundering regulations

27 March 2020

The Chancellor's latest [Budget Report](#) outlined that the Government will introduce a £100 million Economic Crime Levy, otherwise known as the AML Levy no earlier than April 2022 to fund action to tackle money laundering and ensure delivery of reforms in the [Government's Economic Crime Plan](#).

This levy will be payable by companies subject to the UK Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 and the new Money Laundering and Terrorist Financing (Amendment) Regulations 2019, which saw cryptoasset exchange providers, art market participants and custodian wallet providers falling within scope of the Money Laundering Regulations.

The Government's Economic Crime Plan is focused on delivering the reform of the Suspicious Activity Reporting (SARs) regime; improving law enforcement capabilities, including for tackling fraud; improving the UK's supervisory regime for anti-money laundering and counter-terrorism financing (AML/CTF); and reforming Companies House. The co-ordination between the public and private sector and between all organisations on the front line of tackling economic crime was seen as critical and therefore a shared funding model was preferred.

The Government were due to launch a consultation on the levy later this spring however this may now be delayed. The consultation will seek views on how the levy will be paid; which businesses should pay; how levy liability should be calculated; how it will be collected and how the Government can ensure transparency over levy spend.

At the moment it is not clear what metrics the Government will use to decide how much companies will pay however we are aware of views expressed at the Government's Economic Crime Strategic Board that *"new or existing generators of economic crime risk should be financial contributors to mitigating those risks, and that there should be a relationship between the cost and benefit of what is being done"*. With levies of this nature, we also expect to see a threshold exempting SMEs and therefore we would strongly recommend responding to the consultation if your business falls within the SME category.

The consultation is therefore a great opportunity for companies to share their views with Government on what is a further charge directed at the [financial services sector](#) in the wake of significant headwinds due to Brexit and COVID-19. Once launched we will publicise the link through our website.

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