

Altion Law

An Introduction to Due Diligence and KYC (Know Your Customer)

From 1st November 2014 new due diligence conditions apply to those licenced to trade in Alcohol. The Acronym of these checks is FITTED and evidence of these checks should always be retained.

- **F**inancial health of the company you intend trading with
- **I**ntity of the business you intend trading with
- **T**erms of any contracts, payment and credit agreements
- **T**ransport details of the movement of the goods involved whether or not you are directly involved in this
- **E**xistence/provenance of goods - where goods are said to be duty paid you should normally seek sufficient detail to satisfy yourself of the status of the goods
- The **D**eal, understanding the nature of the transaction itself, including:
How the cost of the goods is built up, for example, whether it includes appropriate taxes, transport etc.
 - why is it being offered
 - whether it is too good to be true
 - how the deal compares to the market generally

Whilst not exhaustive, a good basic level of due diligence on which to base a risk assessment and deal negotiations would include the following information:

Company Documents

- Valid VAT Number & completed check
- Certificate of Incorporation
- Headed Paper complete with Directors Signature
- Utility Bill for business address (less than 3 months old)
- Directors Passport
- Evidence that the ID does belong to a Director
- MLR Certificate
- WOWGR Certificate (Both pages)
- Credit Check on Company
- Copy of T&C's or Contract
- Evidence of Transport Agreements
- Evidence of background checks and research on company

Personal Documents

- Credit check (if permission has been granted)
- Directors Passport
- Research on Director
- Directors Home Address &
- Utility Bill

Further questions as to how the company trades and duty status of goods etc must be asked. If transactions are to be paid in cash, an enhanced level of examination as to the source of funds must be undertaken.

From Jan 1st 2016 AWRS requires upwards checks on suppliers to also be undertaken.

At Altion Law we provide clear, no-nonsense, expert legal advice and representation to help you get the best result.
01908 414990

admin@altion-law.co.uk

This factsheet is for general guidance only and should not be treated as a definitive guide or be regarded as legal advice. If you need more details or information about the matters referred to in this factsheet please seek independent formal legal advice.