

To: All firms
From: Simon Kettlewell
Date: 22 August 2018

CHANGES FOR ATOL ASSIGNMENTS

There have been changes to the ATOL Regulations that impact September 2018 licence renewals. Any ATOL holder with a financial year end of 31 December 2017 onwards is therefore affected by these changes.

The Civil Aviation Authority (CAA) have been slow to issue the new guidance for ATOL Reporting Accountants (ARA) (Guidance Note 10) and it has not been particularly well publicised by either the CAA or the accountancy bodies, hence the delay in HAT releasing this Technical Memo.

The ATOL Regulations (SI 2018/ 670) have been updated in line with the new Package Travel and Linked Travel Arrangements Regulations 2018 (SI 2018/ 634), and the changes are effective for all holiday arrangements from **1 July 2018**.

The changes include:

- A new definition of a “package”, which will bring a vast number of arrangements under protection that previously would not have been caught;
- A “Linked Travel Arrangement” (per the new Package Travel Regulations) is not included in the ATOL Regulations as licensable revenue;
- The new ATOL Regulations introduce two new types of package – “Single-contract package” and “Multi-contract package”
- The Flight-Plus category of revenue has been removed.

The definitions of these new terms are rather lengthy, and reference should be made to the appropriate Regulations and/ or Guidance Note 10 for further detail.

Other changes made include:

- the requirement for Small Business ATOL holders to report quarterly to the CAA (albeit they still pay the APC once a year); and
- the introduction of ‘ATOL Online’. This is an online platform for dealing with the renewal process and the submission of the Annual Accountants Report (AAR). The information in part 1 of the AAR will be pre-populated by the CAA from the quarterly submissions made by the licence holder. The licence holder will need to check the numbers and then submit them for review by the ARA. If the ARA is happy, they

submit the return, if not they reject it and the licence holder must make amendments before submitting it for further review by the ARA.

NB: Part 2 of the AAR form only becomes active on submission of the online renewal application by the ATOL holder. Therefore, careful planning is needed to ensure that the appropriate deadlines can be met.

So what does this mean for the Reporting Accountant?

The immediate impact is for the September 2018 renewal process:

- There should be no real impact on the procedures required to be carried out (as set out in the work programmes in the manual).
- Guidance Note 10 includes transitional rules such that Flight-Plus bookings taken before 1 July 2018 will be reported as Multi-contract packages in part 1 of the Annual Accountants Report.
- The September renewal process will be conducted through the ATOL Online portal.

Longer term, the CAA have indicated that they will be updating the online ATOL training module to include the new Package Travel Directive, and all existing ARA's will have to take this new module (and pass the test) to retain their ARA designation. The CAA will contact ARA's directly once the new training is available.

Additional Guidance:

- The CAA have updated Guidance Note 10, which can be found as Appendix A of the new Official Record Series 3, which can be found here: <https://bit.ly/2KXbTIS>
- Information on the ATOL Online portal can be found here: <https://www.caa.co.uk/ATOL-Online.aspx>
- The HAT ATOL Assignments Manual is currently being updated to reflect the changes to the Regulations and this will be released as soon as possible. However, as noted above, the changes to the Regulations are not expected to fundamentally change the procedures required to be carried out.

If you have any comments or questions please email simon@hatgroup.co.uk