

New information requirements by the Anti-Money Laundering and Countering Financing of Terrorism Act 2009 for accounting clients from 1 October 2018

New Zealand has passed a law called the Anti-Money Laundering and Countering Financing of Terrorism Act 2009 (“the AML/CFT law” for short). The purpose of the law reflects New Zealand’s commitment to the international initiative to counter the impact that criminal activity has on people and economies within the global community. From 1 October 2018, Accountants must comply with its requirements. To make that assessment, accountants must obtain and verify information from prospective and existing clients about a range of things. This is part of what the AML/CFT law calls “customer due diligence”.

CUSTOMER DUE DILIGENCE REQUIREMENTS

Before providing services to clients or customers, accountants must take reasonable steps to make sure the information they receive from clients is correct. Therefore, we will need to obtain and verify certain information from you to meet these legal requirements.

This information includes:

- proof of identity
- proof of address.

To confirm these details, documents such as your passport, driver’s license or your birth certificate, and documents that show your address – such as a current bank statement or utilities invoice – will be required. If you are meeting us about company or trust business, we will need information about the company or trust including the people associated with it (such as directors and shareholders, trustees and beneficiaries). We may also need to ask you for further information. We will need to ask you about the nature and purpose of the proposed work you are asking us to do for you. Information confirming the source of funds for a transaction may also be necessary to meet the legal requirements

Perform **customer due diligence (CDD)**. This involves obtaining and verifying the identity of clients. There are three levels of CDD; standard, simplified and enhanced. The nature and extent of CDD depends on the type of client and is according to the level of risk involved.

CDD must be conducted on the following parties (if applicable):

- The client; and
- Any beneficial owner of a client; and
- Any person acting on behalf of a client.

A **beneficial owner** is any individual (a natural person):

- Who owns greater than 25% of the client; or
- Who has effective control of the client; or
- On whose behalf a transaction is conducted.

CDD must be conducted when:

- A reporting entity establishes a business relationship with a **new client**.
- Someone seeks to conduct an **occasional transaction** (a cash transaction of NZ\$10,000 or more that occurs outside of a business relationship) or **occasional activity** (provision of an in-scope service without forming a business relationship) through a reporting entity.
- There has been a material change in the nature or purpose of the business relationship with an **existing client** and insufficient information is held.

For any further information related to the AML/CFT, please click here to read more:

<https://www.dia.govt.nz/Services-Anti-Money-Laundering-Index>

<https://www.charteredaccountantsnz.com/member-services/technical/business-issues/anti-money-laundering>