

# Anti-Money Laundering & Countering Financing of Terrorism Act (AML/CFT Act)



If you have recently tried to start a new investment or open a bank account, you would have been required to prove your identity, location of residence, and proof of your source of funds. These requirements are all part of the Anti-Money Laundering and Countering Financing of Terrorism Act 2009 (Act). This Act has now been widened (via the Anti-Money Laundering and Countering Financing of Terrorism Amendment Act 2017) to include lawyers from 1 July 2018 and accountants from 1 October 2018. Real Estate agents will also be subject to this legislation from 1 January 2019.

The purposes of the Act are to:

- detect and deter money laundering and the financing of terrorism (ML/FT);
- maintain and enhance New Zealand's international reputation by adopting, where appropriate in the New Zealand context, recommendations issued by the Financial Action Task Force (FATF); and
- contribute to public confidence in the financial system.

According to the Ministry of Justice, an estimated \$1.5 billion is laundered in New Zealand every year and the penalties for non-compliance by accountancy practices are severe (up to \$5m).

Effective from 1 October, we will need to:

- appoint an AML/CFT compliance officer within our practice;
- have a written risk assessment and AML/CFT programme which contains policies and procedures, and get them audited, generally, once every two years;
- Meet additional regulatory reporting obligations.

All new clients who are engaging us to provide 'designated activities' as listed in the Act will be required to provide confirmation of identity and address plus source of funds (or wealth).

For existing clients where we provide 'designated activities', there is no need to collect additional details if we already have sufficient information on file. However, as a matter of course and particularly if your situation changes, then we will need to go through with you the proof of identity, address and source of funds (or wealth) process. The level of detail and proof we need will be determined by whether you engage with us as an individual, company or family trust.

We apologise for the inconvenience these new processes may cause, but we are obligated to comply with the law. We will work as hard as we can to streamline the process and minimise your frustration with being asked for proof of identity.

Give us a call if you have any queries.