

Frequently Asked Questions

Q: Does the tax transfer exemption mean I am no longer a reporting entity?

A: No, an accounting practice carrying out relevant tax transfers is still a reporting entity but has limited obligations under the AML/CFT Act. An accounting practice may also be a reporting entity and have full AML/CFT obligations if it carries out other captured activities. Examples (include but are not limited to):

- acting as a formation agent of legal persons or legal arrangements;
- acting as or arranging for a person to act as a nominee director or nominee shareholder or trustee in relation to legal persons or legal arrangements;
- providing a registered office or a business address, a correspondence address, or an administrative address for a company, or a partnership, or for any other legal person or arrangement (unless solely as an ancillary service to an activity not subject to the AML/CFT Act).

Q: Are all tax transfers subject to this exemption?

A: No, the exemption only covers relevant tax transfers under the Tax Administration Act 1994 not all tax transfers.

Q: What tax transfers are not covered by the exemption?

A: Any tax transfers that do not meet the definition of relevant tax transfers are not covered by the exemption. An example is a transfer of excess tax from a company to a person that has absolutely no connection to the company.

Q: What am I still required to do if I am conducting a relevant tax transfer?

A: Accounting practices carrying out relevant tax transfers are required to:

- report a suspicious activity involving a relevant tax transfer;
- keep reports of suspicious activities;
- conduct enhanced customer due diligence after becoming aware that they must report suspicious activity;
- conduct enhanced customer due diligence if a customer seeks to conduct a complex, unusually large tax transfer or unusual pattern of tax transfers that have no apparent economic or lawful purpose, or when a reporting entity considers that the level of risk involved is such that enhanced due diligence should apply to a particular situation.

Q: Do I still have to file an annual AML/CFT report to the Department of Internal Affairs for the financial year ending 30 June 2022?

A: Yes, an annual report was required to be filed by 31 August 2022.

Q: Do I still have to file an annual AML/CFT report for future financial years?

A: If you are only captured by the AML/CFT Act for relevant tax transfers, you do not have to file an annual report for future years. However, an accounting practice that also carries out other activities captured by the AML/CFT Act is still required to file an annual report.