



Let's Talk About Tackling Money Laundering and Terrorist Financing

Money laundering is the process criminals use to “clean” the money they make from crimes, by making the money look like it comes from a legitimate source. Funds are channelled through things such as property, expensive goods and financial services. Terrorism financing uses similar methods to money laundering to channel funds to violent causes.

It is known that tax evaders and international and local criminals try to launder funds through New Zealand businesses. New Zealand is also exposed to threats relating to the financing of terrorism.

It is estimated that approximately \$1.35 billion from the proceeds of fraud and illegal drugs is laundered through New Zealand businesses every year. The true cost and social impact are however much higher.

To improve New Zealand's ability to tackle money laundering and terrorism financing, the Government has made law changes that affect various business and professions. The Anti-Money Laundering and Countering Financing of Terrorism (AML/CFT) Amendment Act 2017 puts in place “phase 2” of New Zealand's AML/CFT laws.

Financial sectors such as banks have been covered by the act for some time now. Other sectors are now being brought into the AML/CFT regime including lawyers, accountants and real estate agents.

On 1 July 2018 the scope of the AML/CFT Act was extended to include services provided by lawyers. **From 1st October 2018 services provided by Accountants will also be included.** This is because services provided by professionals such as lawyers and accountants can be used by criminals to hold and move assets and funds anonymously. Introducing AML/CFT measures will deter criminals from using these professional services and help detect them if they do.

From 1st October 2018 accountants will need to comply with the Act and put AML/CFT measures in place.



*Rachel Dalgleish,
Practice Manager*

This will include verifying the identity of clients before we provide any service covered by the AML/CFT Act. For companies and trusts, we may also need to ask for information about the source of funds and about other people involved in the company or trust such as details of people who are Directors, Shareholders, Trustees or Beneficiaries.

If you have any questions about the AML/CFT Act and the changes that we at MCI & Associates are introducing to comply with the Act, please contact Rachel Dalglish, our Practice Manager.

By Rachel Dalglish. Rachel is the Practice Manager of MCI & Associates. She has over 25 years' experience in management and has been with MCI & Associates for 8 years. She is an Associate Fellow of the New Zealand Institute of Management and an Affiliate member of the Human Resource Institute of New Zealand. She has travelled extensively and worked in management and HR roles in the UK, the Pacific and New Zealand.

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