The Tax Institute

Tasmanian Convention

AML: Have You Got it Right?

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1. Overview

The question behind the session
Your AML/CTF program may be written and your staff trained. The real test is whether the system works when a real client, a changing engagement and a real red flag land on someone's desk.

The practical question is no longer simply "Do we have an AML/CTF program?"
It is "Can we demonstrate that it works?"

This paper supports a practical convention session for legal and accounting firms following commencement of the expanded AML/CTF regime on 1 July 2026. It focuses on the operational issues that emerge after implementation:

- recognising designated services,
- customer due diligence,
- ongoing monitoring,
- professional scepticism,
- escalation,
- governance,
- cyber risk and
- evidencing that the program operates in practice

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2. Where are we now?

From 1 July 2026, AML/CTF obligations apply to designated services commonly provided by professional service providers including accountants and lawyers. By this stage, newly regulated firms that provide designated services should have moved beyond preparation:

- enrolment,
- the ML/TF risk assessment,
- governance arrangements,
- AML/CTF policies,
- staff training, and
- CDD processes should now be operating in practice

Staff need to be able to:

- recognise designated services,
- undertake customer due diligence (CDD),
- escalate concerns, and
- understand suspicious matter reporting (SMR).

The compliance officer now needs evidence that the program is operating, not merely that documents exist.

AUSTRAC's current regulatory message
AUSTRAC's 2026–27 regulatory priorities state that newly regulated sectors should have enrolled, completed ML/TF risk assessments, appointed governance roles, established appropriate AML/CTF policies and embedded those policies in daily operations. This shifts the practical focus from implementation documentation to operation and evidence.

Having an AML/CTF program is not the same as having an AML/CTF program that works. Implementation quality matters more than documentation volume.

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2.1 Five practical tests: have you got it right?

The post-implementation challenge is different. The question is no longer simply whether the firm has an AML/CTF program. The question is whether the program is embedded in daily work, responds to real client circumstances and produces evidence that the controls actually operate.

This table outlines five practical tests that can be used to determine that you have got it right.

Test	Question to ask	Evidence you would expect
Scope	Are staff recognising when ordinary work becomes a designated service?	Engagement triggers, service codes, escalation records.
Customer	Do we genuinely understand who the customer is, who controls them and why the service is required?	CDD, beneficial ownership, purpose and risk rationale.
Scepticism	Are familiarity and valuable relationships stopping uncomfortable questions?	Refreshes, challenge of inconsistencies, documented rationale.
Escalation	When something does not make sense, do staff know what to do?	Clear escalation path, decision register, SMR consideration.
Evidence	Can we demonstrate the program operates in practice?	File samples, training records, reviews, remediation and governance minutes.

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3. Recognising when AML/CTF switches on

For professional services, the engagement label is not decisive. A client may begin with ordinary tax, accounting, advisory or legal work and later ask the firm to do something that falls within a Table 6 designated service. This "scope creep" is one of the most practical post-implementation risks.

3.1 Case study: the engagement changed

You prepare a client's tax returns. The client calls and says: "I'm buying another business. Can you help me structure it?"

The telephone call may represent a change in the nature of the engagement.

The practical questions are:

- when does the designated service begin,
- who in the firm recognises the trigger, and
- what happens to the existing engagement workflow?

The Compliance Officer is unlikely to be present when the client gives the instruction.

The people taking instructions therefore need enough training to recognise when the work may have crossed the line.

Recognising a designated service after you have already provided it is too late.

3.2 When does a designated service commence?

AUSTRAC's professional-services guidance distinguishes between work that merely influences what a customer may do and work that directly advances the relevant transaction, creation or restructure. For items 1-4 and 6, a useful practical test is whether the professional has acted on instructions and taken active steps that move the relevant outcome forward. Preliminary steps can be captured where they directly advance the outcome; a hypothetical or remote outcome generally will not be enough.

With each client query we need to consider the following questions:

1. What has the client asked us to do?
2. Could the activity fall within a Table 6 designated service?
3. Are we merely advising or are we actively advancing the relevant outcome?
4. Have we acted on instructions?
5. Does an actual or prospective transaction, creation or restructure exist?
6. Do any statutory exclusions or exemptions apply?

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Initial CDD steps must be completed before the firm starts providing the designated service.

AUSTRAC also updated this professional-services guidance in June 2026 specifically to provide more detail about when businesses may be providing designated services, including clarification of "assisting", "acting for or on behalf of", item 3 and several practical examples

3.3 Practical Table 6 reference - professional designated services

The table below is a practical summary for accountants and lawyers. It is not a substitute for the Act, Rules, AUSTRAC guidance or advice on a particular fact pattern because the exact outcome depends on the facts and some services have specific exclusions.

Item	Service	What it captures	Practical commencement point	Usually not enough by itself
1	Real estate transaction	Assist in planning or executing a sale, purchase or transfer of real estate.	When acting on instructions and directly advancing a relevant transaction, e.g. conveyancing steps, transaction documents or settlement preparation.	General advice that merely influences whether or how a client proceeds.
2	Body corporate / legal arrangement transaction	Assist in planning or executing a sale, purchase or transfer of a controlling interest in a body corporate or legal arrangement.	When acting on instructions and directly advancing an actual/prospective transaction. AUSTRAC gives the example that tax advice alone may not be enough, but acting for a client once a buyer exists can trigger the service.	General tax or legal advice that does not directly advance the transaction.
3	Client money or property	Receive, hold and control (including disburse), or manage, a person's money or other property as part of directly advancing a transaction.	When the relevant handling or management occurs as part of advancing the transaction, subject to the specific statutory exclusions.	Payments for the firm's own goods/services and specified incidental or excluded circumstances.
4	Equity or debt financing	Assist in organising, planning or executing equity or debt financing for a body corporate or legal arrangement.	When instructions are acted upon to directly advance a specific financing transaction.	General advice about financing options that does not directly assist a specific transaction.
5	Shelf company	Sell or transfer a shelf company in the course of business.	When the shelf company is sold or transferred.	Ordinary company advice unrelated to a shelf company sale/transfer.
6	Creation / restructure	Assist in planning or executing the creation or restructuring of a body corporate or legal arrangement.	Preparatory steps may be enough - for example, acting on instructions to draft a trust deed or documents that directly create/restructure the arrangement.	General advice that only influences a possible future structure and does not directly advance it.
7	Acting / arranging roles	Act as, or arrange another person to act as, director, secretary, power of attorney of a body corporate/legal	When the person acts in, or arrangements are made for someone to act in, the specified	Ordinary administrative agency that does not assume the relevant

Item	Service	What it captures	Practical commencement point	Usually not enough by itself
		arrangement, partner, trustee of an express trust or equivalent position.	role on behalf of another person, subject to exclusions.	control, authority or fiduciary responsibility.
8	Nominee shareholder	Act as, or arrange another person to act as, a nominee shareholder on behalf of another person.	When the nominee relationship is established or arranged.	Ordinary shareholding that is not held/exercised on behalf of a nominator.
9	Business address	Provide a registered office or principal place of business address for a body corporate or legal arrangement.	When the address is made available for the customer to use for the relevant purpose.	Ordinary correspondence with a client at their own address.

3.4 Build the trigger into the workflow

One way to ensure new and potential designated services are identified in a timely manner is to build the triggers into the workflow.

- New engagements: identify whether a designated service is proposed before work starts.
- Existing engagements: reassess when the scope, purpose or service changes.
- Use engagement scope prompts, service codes, workflow triggers and escalation prompts.
- Train the staff who actually receive client instructions, not only partners and managers.
- Maintain a designated service decision or precedent register so recurring questions become consistent internal guidance.

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3.5 Case study: when does a designated service commence

As a practical example an accounting firm gives tax advice about the consequences of selling a company. That advice may influence whether the client sells, but it does not itself directly advance a transaction, and at that stage there may not even be a transaction.

If it subsequently becomes clear there is a buyer and the accounting firm is instructed to act for the client in selling the company, the designated service begins from that point. If there are multiple identified potential buyers, AUSTRAC says it would begin when negotiations start with one or more of them.

Stage	Question	Action
1	“I'm thinking about selling my company. What would the tax consequences be?”	Potentially ordinary tax advice.
2	“I've decided to sell. I've got three interested buyers. Can you help me?”	Stop and reassess.
3	“We've started negotiating with Buyer A. I want you to assist me with the transaction.”	Potential designated service; the firm needs to identify precisely what it is being instructed to do

The critical point is that the client hasn't changed and the engagement may still be called “tax/advisory”, but the activity has changed.

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4. Customer due diligence is understanding, not just identification

KYC should produce understanding - not simply documents.

Identity verification is important, but a driver's licence only tells us that an individual appears to be who they say they are. It does not necessarily tell us who controls a structure, why the transaction exists, where the money came from, or whether the activity makes commercial sense.

4.1 CDD in practical terms

We need to understand:

- Who are we undertaking the designated service for?
- Who ultimately owns or controls the customer or relevant structure?
- What is the nature and purpose of the relationship and the service?
- How is the arrangement funded? Are third parties involved?
- Is the activity consistent with the customer's known profile?
- Are higher-risk jurisdictions, industries, delivery methods or technologies present?

The risk rating is not the assessment. It is the outcome of the assessment. Record the reasoning, not just "Low", "Medium" or "High".

4.2 Worked case study: who do we actually need to identify?

The following scenario is based loosely on a real structure encountered in practice. It illustrates why CDD on a non-individual customer is not a mechanical percentage exercise.

4.2.1 Scenario

Company A approaches the firm seeking advice and due-diligence assistance to acquire a business. Company A has three directors: Mr A, Mr B and Mrs C. Its ownership is as follows:

Shareholder	Interest	Behind the shareholder
Company B	5%	Mr B and Mrs B
Company C	16%	Mr B and Mrs B
Company D as trustee for Discretionary Trust D	33%	Directors Mr D and Mrs D; appointor Mr D; named beneficiaries Mr D, Mrs D and their two children; settlor was an old family friend who is deceased
SMSF E	16%	Trustees Mr E and Mrs E; Mr E is sole member
Mr E	16%	Direct
Discretionary Trust E	14%	Trustees Mr E and Mrs E; appointor Mr E; named beneficiaries Mr E and Mrs E; settlor cannot presently be located

Questions:

- Who is the customer?
- Who are the beneficial owners?
- Who else must we identify or understand before providing the designated service?

4.2.2 Step 1 - Start with the customer

Assuming Company A is receiving the designated service; Company A is the customer. The firm should then identify the relevant persons acting on behalf of Company A and establish their authority, while also understanding Company A's ownership and control structure.

4.2.3 Step 2 - Follow ownership AND control

Beneficial ownership should not be treated as a simple shareholder list. The firm must trace ownership chains and consider control. The 25% ownership threshold is important, but it is not a safe harbour, an individual may be relevant because they exercise control even if their apparent ownership interest is below 25%.

Person / structure	What the facts suggest	What still needs to be understood
Mr B / Mrs B	Companies B and C collectively hold 21% of Company A. Mr B is also a director of Company A.	Do not stop at 21%. Consider Mr B's actual influence or control over Company A and who is acting on its behalf.
Trust D / Company D	Company D as trustee holds 33%. Mr D is appointor; Mr D and Mrs D are directors of the corporate trustee.	Review the trust deed and corporate trustee ownership/control. An appointor role may be highly relevant to control but should not automatically be treated as a fixed 33% ownership interest.
Trust D beneficiaries	Mr D, Mrs D and two children are named beneficiaries.	A named discretionary beneficiary does not necessarily hold a fixed proportionate ownership interest. Understand the trust and control rights.
Trust D settlor	Old family friend, now deceased.	Distinguish structural information from verification of a living individual; retain evidence supporting the position.
Mr E / SMSF E / Trust E	Mr E holds 16% directly and is connected to a further 30% through SMSF E and Trust E.	Do not automatically add 16% + 16% + 14%. Determine the legal and practical ownership/control of each structure.
Trust E settlor	Unable to be found.	This is not automatically suspicious, but an unexplained inability to obtain expected structural information should prompt further enquiry and documentation.
Mr A / Mrs C	Directors with no stated shareholding.	Director does not automatically equal beneficial owner; however, consider control and whether either is acting on behalf of Company A.

Technical note: This case study is intended to illustrate the CDD thought process rather than prescribe the outcome for every structure. The precise persons who must be identified and verified, and the extent of enquiries required, should be determined by reference to the AML/CTF Act, Rules, AUSTRAC guidance, the firm's AML/CTF program and the particular facts and ML/TF risks of the engagement.

Do not stop when the percentages add up. Stop when you understand who ultimately owns and controls the customer.

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4.2.4 Step 3 - Identification is not the end of CDD

Even after the people and structures have been identified, CDD is not complete. The firm still needs to understand matters such as:

- why Company A is acquiring the business;
- the nature and purpose of the transaction;
- how the acquisition is being funded;
- whether third parties are providing funds;
- whether the proposed transaction is consistent with what is known about Company A and its beneficial owners;
- relevant jurisdictions;
- PEP or sanctions considerations;
- other identified ML/TF risk factors; and
- whether enhanced CDD is required.

4.2.5 A practical way to work through complex structures

When confronted with a structure such as Company A, work systematically:

1. **Identify the customer** — Who is actually receiving the designated service?
2. **Identify representatives** — Who is instructing us and do they have authority to act?
3. **Map direct ownership** — Who are the immediate shareholders or interest holders?
4. **Drill through entities and arrangements** — Don't stop at companies, trusts or funds.
5. **Identify ultimate individual ownership** — Trace ownership until the relevant natural persons are understood.
6. **Consider control separately** — Who can actually influence or direct the customer or underlying structures?
7. **Understand the purpose and funding** — Does the transaction make commercial sense and where is the money coming from?
8. **Document the reasoning** — Make it possible for someone else to understand how the firm reached its conclusion.

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4.2.6 This returns us to one of the central messages of this paper:

KYC is not the same as having everyone's driver's licence.

The objective is to understand the customer sufficiently to assess and manage the ML/TF risk associated with providing the designated service.

4.2.7 The Compliance Officer test

Once the CDD is complete, hand the file to somebody who has never worked on the engagement and ask:

"Can you tell me who ultimately owns and controls Company A, how we reached that conclusion, who is authorised to act for it, and why we are comfortable providing the designated service?"

If they cannot answer those questions from the file, the CDD process may not yet be complete.

Complex ownership structures demonstrate why AML/CTF compliance cannot be reduced to an identification checklist. The exercise requires the firm to follow ownership chains, understand trusts and corporate trustees, consider control independently from ownership, identify people acting on behalf of the customer, understand the purpose and funding of the transaction, and document how it reached its conclusions.

That is the difference between collecting KYC information and knowing your customer.

4.2.8 By the end of the process, the file should support four statements:

- I know who my customer is.
- I understand who ultimately owns and controls it.
- I understand who is acting for it.
- I understand what it is trying to do and why.

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4.3 Professional scepticism and the trusted-client trap

“But I've known John for 25 years...”

A longstanding relationship gives a firm valuable information, but it can also create familiarity risk. Suppose John, a client of 25 years, introduces a new company, an overseas investor and a substantial “family loan”. Familiarity does not remove the need to ask what has changed and whether the new facts make sense.

- Does familiarity genuinely reduce the risk, or merely reduce our willingness to challenge the client?
- What has changed in the customer's risk profile?
- Would staff feel comfortable asking a valuable client for further information?
- Would commercial pressure affect the risk decision?

A longstanding relationship should improve our understanding of the customer - not weaken professional scepticism.

5. AML does not finish at onboarding

CDD is an ongoing process. Where there is a business relationship, AUSTRAC requires reporting entities to review and, where appropriate, update the customer's ML/TF risk and KYC information. Policies should explain both periodic review and event-driven triggers.

Potential trigger	Questions to ask
Ownership / beneficial owners	Has the corporate structure changed? Are there new beneficial owners or controllers?
Directors / trustees / appointors	Have the people capable of acting for or controlling the customer changed?
Services	Is the customer asking for a new or higher-risk designated service?
Jurisdictions	Are new countries involved in the customer, transaction or service delivery?
Source of funds / wealth	Has funding changed or become inconsistent with what we know?
Behaviour / transactions	Is there sudden, unexplained or unusual activity?
PEP status	Has the customer, beneficial owner or relevant person become a PEP?
Delivery channel	Has the way we provide the service changed, for example through an intermediary or remote channel?

Accounting firms may have an advantage: they often see client information continuously through tax returns, financial statements, ASIC changes, restructures and regular advisory work. The operational challenge is to turn information already flowing through the practice into a trigger for AML review.

Who notices the change? Who reassesses the risk? Who updates the KYC? Where is the evidence?

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6. What can Australia learn from New Zealand?

New Zealand's experience is useful because lawyers and accountants have operated under its AML/CFT regime since 2018. Regulatory findings show that written programs alone do not guarantee effective compliance.

The most useful finding, in my view, is that the problems weren't necessarily that firms had no AML documentation. The problems arose when the documentation and the firm's actual behaviour diverged.

New Zealand's Department of Internal Affairs (DIA) identified recurring deficiencies including:

- customer-risk assessments that did not properly consider the actual types of customers or institutions the firm dealt with;
- risk assessments that weren't kept current;
- inadequate staff AML training;
- inadequate processes for identifying PEPs;
- poor procedures for determining when enhanced CDD was required;
- failure to properly examine and document large, complex or unusual transactions;
- inadequate monitoring of the firm's own compliance; and
- perhaps most importantly, firms adopting generic AML templates that weren't sufficiently adapted to their own business and risks.

NZ's specific findings for accountants are also very usable. Accountants were generally doing reasonably well at establishing a compliance officer, maintaining review procedures and recognising suspicious activity reporting obligations. But weaknesses appeared where procedures existed without evidence that they were actually being followed.

The NZ legal-sector review found something similar. Firms sometimes had quite sophisticated written procedures for unusual or complex activity, but the regulator found little evidence that those procedures were actually being used. The DIA also stressed the importance of documenting the reasoning even where an investigation concludes that something isn't suspicious.

If you investigate a red flag and determine there is a reasonable explanation, leave an audit trail showing what was identified, what enquiries were made and why you were satisfied.

NZ lesson in one sentence
The recurring gap is often not the absence of a procedure; it is the absence of evidence that the procedure was followed.

Document the "no" as well as the "yes": if an unusual matter is investigated and satisfactorily resolved, record the issue, enquiries, evidence and reasoning.

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7. Professional involvement, suspicion and escalation

Professional firms are used to resolving discrepancies with clients. AML/CTF introduces a different discipline: some discrepancies or behaviours may need confidential escalation and consideration of an SMR. A request for a designated service can be relevant even where the firm ultimately declines to act.

No procedure can anticipate every unusual client situation. Staff should be trained to recognise red flags and escalate them rather than being expected to determine whether money laundering has occurred. The escalation process should capture the facts, enquiries, reasoning, decision and any reporting consideration. A prospective client withdrawing after questions about beneficial ownership or source of funds should not automatically be treated as a closed administrative file; the circumstances may still warrant escalation and consideration of reporting obligations.

7.1 The spectrum of professional involvement

Position	Description
Complicit	Knowingly assists criminal activity.
Willful blindness	Suspects something is wrong but deliberately avoids asking.
Negligent	Fails to make adequate enquiries.
Genuinely unwitting	A sophisticated client deceives a legitimate professional despite appropriate controls.

Preventative AML/CTF controls are not based on an assumption that accountants and lawyers are corrupt. They are intended to help legitimate professionals recognise when their services are being misused. The uncomfortable practical question is where the statement “I did not want to ask because they are a good client” sits on this spectrum.

7.2 Case study: the client who walks away

A prospective client is asked about beneficial ownership and source of funds. They respond: “My previous accountant never asked this,” and withdraw the engagement.

The engagement ending does not necessarily end the AML analysis. Suspicious matter obligations can arise in connection with a request or proposal for a designated service. AUSTRAC also identifies behaviours such as ending a relationship after further information is requested, trying to avoid KYC, acting for an undisclosed third party, or giving vague information as potential indicators. One indicator alone does not necessarily establish suspicion: context and the totality of information matter.

- Do we simply close the file?

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- Did the client's behaviour add to the concern?
- What information did we learn while considering the engagement?
- Does the matter need to be escalated for consideration of an SMR?

7.3 Make escalation easy to do correctly

- Give staff a one-page red-flag and escalation guide.
- Define what staff can resolve themselves and what must be escalated.
- Centralise SMR decisions with appropriately trained people.
- Record the facts, enquiries, reasoning and decision.
- Train staff on tipping-off restrictions.

Procedures should support professional judgement - not try to replace it.

8. Cyber, fraud and AML

8.1 Case study: changed bank details.

A longstanding client emails new bank details immediately before settlement or a large payment.

We need to consider:

- Has the client's email account been compromised?
- Has the firm's account been compromised?
- Is someone attempting to divert funds?
- Is the changed payment behaviour inconsistent with the customer profile?
- What is the business consequence if the instruction is acted on?

Independent verification of changed payment instructions is therefore both a fraud-control and a useful AML risk-management measure.

We should consider whether changed behaviour or unexplained third-party payments require AML escalation.

We need to ensure all CDD information is protected as high-value sensitive data.

A plan should be in place for the operational and regulatory impact of a cyber incident, not just the technical recovery.

8.2 Why cyber belongs in the AML conversation

- AML causes firms to hold more sensitive identity, ownership and financial information.
- False invoices, IDs, bank statements and company records can be generated or altered more easily.
- Documentary review alone is not a complete safeguard.
- Changed payment instructions and third-party payments can be both cyber/fraud and AML indicators.
- A cyber incident can disrupt AML controls at exactly the time they are needed.

Documentary review alone is therefore not a complete control.

Collect more information → protect it better → independently verify where appropriate.

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9. What should the Compliance Officer review now?

9.1 The ten-file health check

A practical post-implementation review is to select a reasonable sample of client files - not the ten best files - and test whether the AML/CTF program actually operated.

Review point	Evidence to look for
Designated service	Was it correctly identified, including any scope change?
Customer	Was the correct customer identified?
CDD / beneficial ownership	Was ownership and control understood and evidenced?
Risk rating	Is the rating supported by documented reasoning?
EDD	Was enhanced CDD applied when required?
Approvals / escalation	Are required approvals and escalations visible on file?
Unusual activity	Was unusual activity identified, examined and documented?
SMR	Was the need for an SMR considered where relevant?
Records	Are the required records retained and accessible?
Program alignment	Does what happened on the file match what the AML/CTF program says should happen?

Final test:

- Could you hand this file to AUSTRAC tomorrow?
- Could an independent reader understand what you did, what risks you identified, what you asked and why you reached your conclusion?

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9.2 Governance: who challenges whom?

Small practices can legitimately combine roles, but they should still evidence challenge and oversight. The same person may be a partner, client relationship owner and AML Compliance Officer. That makes governance design particularly important.

- Who challenges the Compliance Officer?
- Who challenges the partner who owns the client relationship?
- Does the governing body receive meaningful AML information, not merely approve the policy?
- Are identified gaps assigned, tracked and closed?
- Are commercial pressures prevented from overriding risk decisions?

Useful governance reporting may include the number and nature of higher-risk matters, file-review findings, overdue remediation, recurring staff questions, training completion, material changes in AUSTRAC guidance and significant escalation themes.

9.3 Ten implementation tips

1. Maintain a decision/precedent register for recurring designated-service and risk questions.
2. Turn recurring staff questions into guidance.
3. Use realistic examples from your own legal/accounting work into firm-wide guidance or training examples.
4. Record reasons, not just risk labels: “low risk” is a conclusion, not an explanation.
5. Where a gap is identified, document it, assess the risk, assign responsibility and remediate it.
6. Keep a change log and version-control the AML/CTF program and ML/TF risk assessment.
7. Sample files regularly.
8. Review AUSTRAC guidance and risk information periodically and update the risk assessment when relevant.
9. Keep the program proportionate: clear, usable controls are more valuable than unnecessary complexity.
10. Build AML into existing workflows, not a parallel universe. Do not make every AML decision come back to the compliance officer; define what staff can resolve and what must be escalated.

Clear controls that staff actually use beat unnecessary complexity.

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10.AUSTRAC has started asking questions

10.1Section 167 notices

On 28 August 2026, AUSTRAC announced that it had begun issuing section 167 notices to businesses that appeared to be providing designated services without being enrolled. AUSTRAC specifically identified businesses including accountants and lawyers. The notices require information to help AUSTRAC determine whether regulated services are being provided and whether the business is meeting its obligations.

“The time for preparation has passed.” - Brendan Thomas, AUSTRAC CEO

Receiving a section 167 notice does not, by itself, mean AUSTRAC has concluded that a breach has occurred. It is, however, a practical reminder that AUSTRAC has compulsory information-gathering powers and is actively using them.

- Are you providing designated services?
- Should you be enrolled?
- Are you meeting your AML/CTF obligations?
- Can you produce the information and documents to demonstrate it?

10.2What AUSTRAC is signalling

What we know	What we do not know
Effective ML/TF risk management is expected.	What the first significant enforcement case involving a newly regulated accounting or legal practice will look like.
Policies should be embedded in daily operations.	Which operational weaknesses will be tested first in a compliant, enrolled firm.
Enrolment and serious non-compliance are published intervention priorities.	
AUSTRAC is already using information-gathering powers with apparently non-enrolled businesses.	

Do not wait for AUSTRAC to test your program. Test it yourself first.

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11.Ten questions to take back to your firm.

These 10 questions should assist with assessing “Have you got it right?”

1. Can staff recognise a designated service and a change in scope?
2. Can staff identify who the customer actually is?
3. Does the customer risk assessment change what we do?
4. Can staff recognise when EDD is required?
5. Who approves high-risk customers or matters?
6. Can staff recognise and escalate suspicious behaviour?
7. Do we document the reasoning where an unusual matter is explained?
8. Can we demonstrate relevant AML training occurred?
9. Does our program reflect what our firm actually does?
10. If AUSTRAC asked tomorrow, could we produce evidence that the program operates?

Question 10 is especially important because evidence of implementation is different from merely having policies

If any of these questions makes you uncomfortable, you have probably identified your next AML project.

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12.Conclusion

The first months of Tranche 2 have shifted the challenge from implementation to operation. The strongest AML/CTF framework is not necessarily the longest policy or the most complex software solution. It is the framework that staff understand, that identifies the right customer and the right risks, that prompts questions when circumstances change, that makes escalation easy, and that leaves evidence of the decisions made.

The real question is not “Have we completed the AML paperwork?” It is “Does our AML system work when a real client, a real transaction and a real red flag land on someone's desk - and can we demonstrate it?”

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13.Sources and further reading

Source	Resource	Reference
AUSTRAC	Professional designated services	https://www.austrac.gov.au/new-austrac/designated-services-newly-regulated-entities/professional-designated-services
AUSTRAC	Our regulatory priorities for 2026-27 (updated 19 August 2026)	https://www.austrac.gov.au/about-us/policies-and-governance/our-policies/our-regulatory-expectations-and-priorities/our-regulatory-priorities-2026-27
AUSTRAC	Update to regulator statement of expectations - May 2026	https://www.austrac.gov.au/news-and-media/article/update-regulator-statement-expectations-may-2026
AUSTRAC	Overview of ongoing customer due diligence	https://www.austrac.gov.au/industry-and-business/obligations-and-guidance/your-amlctf-program/customer-due-diligence/ongoing-customer-due-diligence/overview-ongoing-customer-due-diligence
AUSTRAC	Reviewing and updating customers' ML/TF risk and KYC information	https://www.austrac.gov.au/industry-and-business/obligations-and-guidance/your-amlctf-program/customer-due-diligence/ongoing-customer-due-diligence/reviewing-and-updating-customers-mltf-risk-and-kyc-information
AUSTRAC	Risk insights and indicators of suspicious activity for accountants	https://www.austrac.gov.au/industry-and-business/education-and-resources/publications-and-resources/risk-insights-and-indicators-suspicious-activity-accountants
AUSTRAC	Risk insights and indicators of suspicious activity for legal professionals	https://www.austrac.gov.au/industry-and-business/education-and-resources/publications-and-resources/risk-insights-and-indicators-suspicious-activity-legal-professionals
AUSTRAC	Suspicious matter reports	https://www.austrac.gov.au/industry-and-business/obligations-and-guidance/your-amlctf-program/reporting-us/suspicious-matter-reports

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Source	Resource	Reference
AUSTRAC	AUSTRAC issues notices to non-enrolled businesses (28 August 2026)	https://www.austrac.gov.au/news-and-media/article/austrac-issues-notices-non-enrolled-businesses
New Zealand Department of Internal Affairs	Accountancy Sector Regulatory Findings (3 June 2020)	https://www.dia.govt.nz/AML-CFT-Accountancy-Sector-Regulatory-Findings
New Zealand Department of Internal Affairs	Legal Sector Regulatory Findings (21 July 2020)	https://www.dia.govt.nz/AML-CFT-Legal-Sector-Regulatory-Findings
Richard Storey	AML and Counter Terrorism - Where Are We Now?, The Tax Institute Tax Summit, September 2026	The Tax Institute Tax Summit papers

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