

AML/CTF Changes from 1 July 2026

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Important Update for Clients: New AUSTRAC Requirements from 1 July 2026

What this means for you, and what AUSTRAC expects from your Accountant

From **1 July 2026**, Australia's anti-money laundering and counter-terrorism financing laws (AML/CTF laws), administered by **AUSTRAC**, will expand to include certain services commonly provided by accountants. These changes are known as the **"Tranche 2" reforms**.

This update explains:

- what is changing from 1 July 2026
- why accountants are affected
- what AUSTRAC expects from us as your accountants
- what (if anything) we may need from you
- what will not change

Our aim is to be transparent, minimise disruption, and keep your matters moving smoothly.

Why are these changes happening?

Australia is strengthening its financial crime framework to align with international standards. Criminal activity increasingly uses professional services, including accounting, legal and property services, to move or disguise funds. As a result, the law now recognises accountants as **"gatekeepers"** in certain higher-risk activities.

The intent of these changes is **not** to burden everyday businesses, but to ensure appropriate checks exist where money, ownership structures, or payment authority are involved.

When do the new rules start?

1 July 2026 – AML/CTF obligations formally apply to certain accounting services. Accounting firms must have systems and processes in place by this date.

These obligations apply **based on the type of service provided**, not simply because someone is an Accountant.

Which accounting services are affected?

The AML/CTF rules apply when accountants provide certain **designated services**, such as:

- handling, holding, or controlling **client funds**
- operating **escrow or trust-style arrangements**
- having authority to **make payments on behalf of clients**
- assisting with the **sale, purchase, or restructuring** of companies, trusts or other entities
- assisting with **high-value or complex transactions**

Many routine services, such as tax returns, BAS preparation, payroll processing, and general compliance work, are **not automatically captured**.

Each engagement is assessed **case-by-case**, using a **risk-based approach**.

What AUSTRAC expects from your Accountant

From 1 July 2026, AUSTRAC expects accountants who provide designated services to:

1. Know their clients appropriately

This is known as **Customer Due Diligence (CDD)** and may involve:

- confirming identity
- understanding ownership or control structures
- understanding the nature and purpose of the engagement

2. Apply a risk-based approach

Not all clients or engagements carry the same level of risk.

AUSTRAC expects:

- simpler checks for low-risk, straightforward matters
- enhanced checks only where risk is higher (for example, escrow arrangements or complex ownership structures)

3. Monitor and assess unusual activity

Accountants are not expected to police every transaction. However, we must:

- remain alert to activity that appears inconsistent or unusual
- document how concerns are assessed
- report matters to AUSTRAC **only where required by law**

4. Keep appropriate records

We must maintain records of:

- identity checks (where required)
- risk assessments
- key AML/CTF decisions

These records are retained securely and subject to strict privacy obligations.

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What this means for you as a client

What may happen

Depending on the service we provide, **we may need to:**

- request identity documents
- ask clarifying questions about ownership or control
- ask about the source or purpose of funds (for example, in escrow-type matters)

This will **not** apply to every client or every engagement.

What will *not* happen

- You will **not** be automatically re-verified just because the law has changed
- Existing clients are **not required to start again** unless something materially changes
- Routine tax and compliance work continues as normal
- Your information is **not routinely shared** with AUSTRAC

Reporting only occurs where there is a **legal obligation** to do so.

Existing clients—do you need to do anything now?

In most cases, **no**.

Existing clients are treated as *pre-existing* customers under the law. Additional checks are only required if:

- a new, higher-risk service is requested
- there is a significant change to an existing engagement
- a legal reporting obligation arises

We will contact you **only if, and when, something is required**.

Privacy and confidentiality

We understand that providing identification or ownership information can feel intrusive.

Please be assured that:

- information is collected only where required by law
- data is stored securely
- access is restricted to authorised personnel
- professional confidentiality continues to apply

These processes are designed to protect both clients and professional advisers.

Our approach

We are implementing these changes carefully and proportionately:

- AML/CTF processes are **ring-fenced** to affected services
- everyday work is kept simple and efficient
- decisions are made by senior staff
- disruption to clients is minimised

Our focus remains the same: **practical advice, timely service, and trusted relationships.**

Questions or concerns?

If you have any questions about how these changes may affect you or your business, please contact the team at **DBCO**. We are happy to explain how the rules apply to your specific circumstances.

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