

Important Notice to Our Clients

New AML/CTF Laws — What This Means for You

Anti-Money Laundering & Counter-Terrorism Financing Reforms |
Effective 1 July 2026

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A Message From McFillin Accounting

We are writing to let you know about new laws that affect our relationship with you as our client. From 1 July 2026, the Australian Government has extended Anti-Money Laundering and Counter-Terrorism Financing (AML/CTF) laws to accountants, lawyers, real estate professionals, and other professional service providers. These laws have long applied to banks and financial institutions — now they apply to us too.

This means that before we can provide certain services to you, we are legally required to verify your identity, collect some information about your business or personal circumstances, and — in some situations — report information to the government regulator, AUSTRAC.

We want to be upfront with you about what this means, what we will be asking from you, and why. We also want to assure you that these checks are not about distrust — they are a legal requirement that applies to all our clients.

Financial crime costs Australia an estimated \$82 billion per year. The new laws are designed to prevent criminals from using professional services — such as accounting and legal services — to move or hide the proceeds of crime. As your accountants, we are now part of Australia's national effort to combat this.

Which of Our Services Are Affected?

The new laws do not apply to every accounting service — they apply to specific 'designated services' that AUSTRAC has identified as higher risk for financial crime. If we provide any of the following services to you, the AML/CTF obligations apply to our engagement:

- Setting up, managing, or advising on companies, trusts, or other business structures
- Managing your money, bank accounts, securities, or other assets on your behalf
- Acting as — or arranging for someone to act as — a nominee director or shareholder
- Providing a registered office or business address service
- Assisting with the purchase or sale of a business entity
- Assisting with real property transactions

If we provide any of these services to you now or in the future, you will be asked to complete our client verification process. Standard tax return preparation, BAS lodgement, and bookkeeping services are generally not captured — however, if your engagement involves any of the above activities, the obligations will apply.

If you are unsure whether the work we do for you is affected, please contact us and we will be happy to clarify.

What We Are Each Responsible For

The table below sets out what McFillin Accounting must do under the new laws, and what you as our client will need to do in return. Our obligations are significant — but for most clients, what we are asking of you is straightforward.

McFillin Accounting's Responsibility	Your Responsibility as Our Client
Enrol with AUSTRAC as a reporting entity	No action required from you
Conduct a risk assessment of our client base	No action required from you
Maintain our AML/CTF Program	No action required from you
Verify your identity and the identity of any beneficial owners before or when commencing a designated service	Provide identity documents and information when requested (see list below)
Screen your details against AUSTRAC and government sanctions lists	Cooperate promptly — delays may hold up work
Monitor our engagement with you for unusual activity on an ongoing basis	Notify us of any significant changes to your business structure or ownership
Lodge a Suspicious Matter Report (SMR) with AUSTRAC if required — without notifying you	Understand that we have a legal obligation to do this confidentially
Retain records of all verification and monitoring for 7 years	No action required from you

What Information and Documents Will We Ask You For?

Before we can provide you with a designated service, we are required to verify who you are and — where relevant — who ultimately owns or controls your business. This process is known as Customer Due Diligence (CDD).

The table below outlines what we will typically ask for, depending on your entity type. We will guide you through this process and let you know exactly what is needed for your specific circumstances.

Client Type	Information We Will Ask For	Documents You May Need to Provide
Individual / Sole Trader	Full legal name, date of birth, residential address	Driver's licence, passport, or Medicare card
Company	Company name, ACN, registered address, names of directors and beneficial owners (>25% shareholding)	ASIC search, director ID documents

Trust	Trust name, ABN, trustee details, beneficiary details (where identifiable)	Trust deed, trustee identity documents
Partnership	Full names and addresses of all partners	Identity documents for each partner
SMSF	Fund name, ABN, trustee details (individual or corporate)	ATO SMSF registration, trustee ID documents

We may also ask you questions about the purpose of an engagement, the source of funds involved, or the nature of your business activities. This is a standard part of the verification process and is not a reflection on you personally.

Existing Clients

If you are an existing client, we may contact you to complete verification if we have not previously collected this information. We appreciate your patience and cooperation as we work through this with our client base.

Ongoing Updates Required

Please let us know promptly if there are any significant changes to your business structure, ownership, or key personnel. For example: a new director, a change in shareholders, or a change in the beneficial ownership of a trust.

Keeping your information current helps us meet our ongoing monitoring obligations and avoids delays to your work.

Confidentiality and Reporting — What You Need to Know

Our duty of confidentiality remains

Our professional obligations of confidentiality to you remain firmly in place. The AML/CTF laws do not change the way we handle your financial information in the normal course of our work.

When we must report to AUSTRAC

Where we identify activity that we suspect — or have reasonable grounds to suspect — may relate to money laundering, terrorism financing, or other serious financial crime, we are legally required to lodge a Suspicious Matter Report (SMR) with AUSTRAC. This applies regardless of whether we are certain, and regardless of the amount involved.

You should be aware that:

- We are not required to believe a crime has been committed — only that there are reasonable grounds for suspicion.
- Lodging an SMR does not mean AUSTRAC will investigate or take action — it is simply a regulatory report.
- We cannot tell you if we have lodged, or are considering lodging, an SMR. This is prohibited by law.

The Tipping Off Prohibition

It is a serious criminal offence under the AML/CTF Act to inform a client — or anyone else — that a Suspicious Matter Report has been or may be lodged.

If we decline to discuss a particular matter or cannot provide an explanation for an action we have taken, please understand that we may be legally prevented from doing so. This is not a reflection on our relationship with you.

What Happens If We Cannot Verify Your Identity?

If you are unable or unwilling to provide the information and documents we require, we are legally prevented from providing you with the relevant designated service. In some circumstances, we may also be required to cease an existing engagement.

We understand this may feel inconvenient, and we will always work with you to make the process as smooth as possible. However, this is not a matter of discretion on our part — it is a legal requirement.

We will never make assumptions about why a client is reluctant to provide information. We simply ask that all clients work with us cooperatively so we can continue to serve you.

What Does This Mean for Your Fees?

We are committed to absorbing the cost of our own compliance obligations. For most clients, the AML/CTF requirements will result in minimal additional cost. The table below explains how the changes may affect you:

Situation	Impact on You
Initial identity verification (new clients or new engagement types)	One-off time cost to gather and provide your documents. We will complete all verification checks — no fee passed on for standard verification.
Ongoing monitoring	No additional cost in most cases — this is managed within our existing engagement.
Enhanced due diligence (higher-risk matters)	Where more detailed checks are required, additional time may be billed at our standard hourly rate. We will always advise you in advance.
Delays caused by incomplete information	If we are unable to verify your identity and commence a designated service, work may be delayed. We cannot provide services until obligations are met.
Additional complexity (e.g. complex trust structures, offshore entities)	Additional verification steps may be required. Time involved will be discussed and agreed with you before proceeding.

We will always discuss any additional fees with you before proceeding. If you have questions about how a specific piece of work may be affected, please don't hesitate to ask.

What You Need to Do

For most clients, the main thing you need to do is respond promptly when we ask you for identity documents or information about your business. Here is a simple summary:

- If we contact you requesting identity documents or business information, please respond as soon as you are able.
- Gather documents such as your driver's licence, passport, or other photo ID in advance — we will let you know exactly what is needed for your entity type.
- If your business structure, ownership, or directors have changed recently, let us know so we can update our records.
- If you are unsure whether a service we provide for you is affected, contact us and we will clarify your position.

We value our relationship with you and are committed to making this transition as straightforward as possible. These changes are required by law, but our approach will always be respectful, clear, and considerate of your time.

Thank you for your continued trust in McFillin Accounting. Please don't hesitate to reach out if you have any questions.

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