

# Annual Report – AML Online Tips

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We have developed this publication to provide some useful information on submitting your AML/CFT Annual Report using AML Online <https://aml.dia.govt.nz/>

All reporting entities supervised by the Department must complete an annual report of their Risk Assessment and Compliance Programme (referred to in the annual report as the AML/CFT programme). It covers the reporting period from 1 July 2022 – 30 June 2023. Your annual report also helps the Department, as your supervisor, to get to know your business better and the information they receive helps them form a risk assessment of your business. Given the importance of this information to the DIA, it is essential that time is taken to understand and respond to the questions appropriately.

AML Online allows you to work through the report in stages, however, you can't skip forwards until each page is complete. This guide provides you with all the questions contained within the Annual Report and will help you prepare the information prior to attempting the report. It will hopefully save you time by not having to go in and out of the report to find the information required.

The annual AML/CFT report for the 2022/2023 period must be submitted any time between 1 July and 31 August 2023. It allows you to complete various sections and save your progress without submitting it to the DIA (or losing content).

You can give access to other staff if you want them to assist in its preparation or review the report prior to it being submitted to the DIA.

If you have any questions regarding the report or would like our further assistance, please do not hesitate to contact us. The DIA also have further information at the following link.

<https://www.dia.govt.nz/AML-CFT-Annual-Report>

## Questions 1,2 and 3

- ▶ 1.1 - Report Period is 2022 / 2023
- ▶ Questions 2 and 3 require basic information on your business.

## Question 4

- ▶ Only relevant if you are part of a Designated Business Group (DBG). Most businesses will not be part of a DBG and if you are unsure, it is likely you are not part of a DBG.

## Question 5 – AML/CFT risk assessment

- ▶ 5.1 - Does your risk assessment meet the requirements of section 58 of the Act? Options are:
  - Meets All – select this unless you are aware of any deficiencies. Select if an auditor detected deficiencies but you have now rectified these.
  - Meets Some – further details required if selected. Select if an auditor has detected deficiencies that you have not yet addressed.
  - Meets None – further details required if selected.

- ▶ **5.2** - If your risk assessment meets only some of the requirements of section 58 of the Act, list all subsections that it is not fully compliant with. The auditor should have quoted the sections of the Act that were deficient so quote the number and separate with a comma i.e. 58(1), 58(3)(a). These will only be the sections that you have not yet remedied. Consider adding a brief explanation of how you intend to reach compliance with these sub-sections.
- ▶ **5.3** - When was the most recent internal review of your risk assessment completed?  
Enter the date of your last in-house review, this should be in a version control. The DIA expects yearly reviews as a minimum.
- ▶ **5.4** - Has your risk assessment been independently audited?  
This should have been completed as most phase 2 reporting entities would have had their first audits during 2020 and are due again during 2023. An exception would be new businesses still within their first three years of operation.
- ▶ **5.5** - If you answered “yes” to 5.4, when was the most recent audit of your risk assessment completed?  
Enter the date of your audit report. This date will either be your 2020 audit or if your second audit has been completed, it will be the date of this audit report.
- ▶ **5.6** - If you answered “yes” to 5.4, did the most recent audit of your risk assessment highlight any deficiencies?  
Respond “No” or “Yes”, consider only material issues raised by an auditor. Auditors can use different terms for the various levels of compliance/materiality during an audit process. Take time to read the audit report to ensure you are clear about what findings were and were not material. If you are unsure you can check with us or seek clarity from your auditor.
- ▶ **5.7** - If you answered “yes” to 5.4 and 5.6, have you made the changes identified as being necessary in the most recent audit?  
Respond “Yes, complete” or “Not yet complete”.  
If you answered, “not yet complete”, please explain. Recommend adding a response detailing that an action plan has been developed to remedy any outstanding deficiencies.
- ▶ **5.8** - During the year, did you introduce a new service or activity regulated by the Act that is not considered in your risk assessment e.g. a new product, service, or channel.  
Yes/No response.

## Question 6 – AML/CFT programme

- ▶ **6.1** - Does your AML/CFT programme meet the requirements of section 57 of the Act.  
Options are:
  - Meets All – select this unless you are aware of any deficiencies. Select if an auditor detected deficiencies but you have now rectified these.
  - Meets Some – further details required if selected. Select if an auditor has detected deficiencies that you have not yet addressed.
  - Meets None – further details required if selected.

- ▶ **6.2** - If your AML/CFT programme meets only some of the requirements of section 57 of the Act, list all paragraphs that it is not fully compliant with. The auditor should have quoted the sections of the act that were deficient so quote the number and separate with a comma. i.e. 57(1), 57(3).  
These will only be the sections that you have not yet remedied. Consider adding a brief explanation of how you intend to reach compliance with these sub-sections.
  
- ▶ **6.3** - When was the most recent internal review of your programme completed?  
Enter the date of your last in-house review, this should be in a version control. The DIA expects yearly reviews as a minimum.
  
- ▶ **6.4** - Has your programme been independently audited?  
This should have been completed as most phase 2 reporting entities would have had their first audits during 2020 and are due again during 2023.
  
- ▶ **6.5** - If you answered “yes” to 6.4, when was the most recent audit of your programme completed?  
Enter the date of your audit report. This date will either be your 2020 audit or if your second audit has been completed, it will be the date of this audit report date.
  
- ▶ **6.6** - If you answered “yes” to 6.4, did the most recent audit of your programme highlight any deficiencies?  
Respond “No” or “Yes”, consider only material issues raised by an auditor. Auditors can use different terms for the various levels of compliance/materiality during an audit process. Take time to read the audit report to ensure you are clear about what findings were and were not material. If you are unsure you can check with us or seek clarity from your auditor.
  
- ▶ **6.7** - If you answered “yes” to 6.4 and 6.6, have you made the changes identified as being necessary in the most recent audit?  
Respond “Yes, complete” or “Not yet complete”.  
If you answered, “not yet complete”, please explain. Recommend adding a response detailing that an action plan has been developed to remedy any outstanding deficiencies.
  
- ▶ **6.8 and 6.9** - Asks about procedures that are in your Compliance Programme. Answer yes as relevant. Your auditor should have highlighted any deficiencies in these areas (if present).
  
- ▶ **6.10** - Outside a DBG, do you outsource any CDD requirements to third parties (as set out in sections 32 to 34 of the Act)?  
Answer yes if you use such services. Section 33 relates to shared CDD amongst reporting entities (not when they act as trusted referees). Section 34 is reliance on third-party agents to conduct CDD on your behalf (such as First AML or TIC).
  
- ▶ **6.11** – Do you use electronic processes to fulfil the statutory requirement to monitor accounts as required under section 31 of the Act?  
Likely to be No, unless you have adopted software to check trust account or client funds behaviour/trends. Most Phase 2 entities rely on manual monitoring.

## Question 7 - Part 3 (A) – Products and Services

- ▶ **7.1** - Do you act as a formation agent of legal persons or arrangements? If yes, you must then select the estimated number:

Companies	0	1-10	11-100	101-999	1,000+
Trusts	0	1-10	11-100	101-999	1,000+
Partnerships	0	1-10	11-100	101-999	1,000+
Charities	0	1-10	11-100	101-999	1,000+
Other (specify)	0	1-10	11-100	101-999	1,000+

- ▶ **7.2** - Do you act as, or arrange for a person to act as, a nominee director or nominee shareholder or trustee in relation to legal persons or legal arrangements? If yes, you must then include the number of:

- Nominee directorship roles held.
- Nominee shareholder roles held.
- Trustee roles held.

Note that a nominee directorship or a nominee shareholder role is only when you are acting in such a role in your professional capacity having been appointed/nominated by a client or holding such a role but taking instructions from a client. This would not include roles whereby you are acting in your personal capacity and/or making decisions in your own capacity.

Trustee roles would include all such roles held by your staff and/or professional trustee companies.

- ▶ **7.3** - Do you provide a registered office or a business address, a correspondence address, or an administrative address for a company, or a partnership, or any other legal person or arrangement? Yes/No response.

Note that this excludes such services provided solely as an ancillary service to the provision of other services.

If yes, you must then select the number of the following for whom you provide this service:

Companies	0	1-10	11-100	101-999	1,000+
Trusts	0	1-10	11-100	101-999	1,000+
Partnerships	0	1-10	11-100	101-999	1,000+
Charities	0	1-10	11-100	101-999	1,000+
Other (specify)	0	1-10	11-100	101-999	1,000+

- ▶ **7.4** - Do you manage client funds (other than sums paid as fees for professional services), accounts, securities, or other assets?

If yes, you must select the estimated value range from

- \$0
- \$1 - \$999,999
- \$1,000,000 - \$9,999,999
- \$10,000,000 - \$49,999,999
- \$50,000,000 and over

Note this would include all such funds that have passed through your trust account over the past year. Most law firms with a conveyancing practice would be in the highest range.

- ▶ **7.5** - Do you provide real estate agency work (within the meaning of section 4(1) of the Real Estate Agents Act 2008) to effect a transaction (within the meaning of section 4(1) of that Act)?

This is a Yes/No answer with no other information required. Only real estate agencies would answer yes to this question.

- ▶ **7.6** - Specify which of the following services you engage in or give instructions on behalf of a customer to another person for.

Note that this would also include when you are acting as an agent/gatekeeper or acting in any capacity detailed in question 7.2. Select relevant transactions from:

- Transaction Instructions: Conveyancing
- Transaction Instructions: Real estate transactions
- Transaction Instructions: Transfer of beneficial interest
- Transaction Instructions: Transfer of legal person or business
- Transaction Instructions: Creation or management of legal person or arrangement

### **Conveyancing:**

Any conveyancing (within the meaning of section 6 of the [Lawyers and Conveyancers Act 2006](#)) to effect a transaction (within the meaning of section 4(1) of the Real Estate Agents Act 2008, and as specified in paragraph (a)(vi)(A) of the definition of "designated non-financial business or profession" in section 5(1) of the Act). Means-

- legal work carried out for the purpose of effecting or documenting any transaction or prospective transaction that does or would create, vary, transfer, or extinguish a legal or equitable estate, interest, or right in any real property; and
- legal work carried out for the purpose of effecting or documenting a sale or purchase of a business, whether or not land is involved; and
- includes legal work carried out for the purpose of effecting or documenting, a lease of land; or the grant of a mortgage or charge over any interest in land; or the creation of a trust affecting any real property or any interest in land.

### **Real Estate Transactions**

A transaction within the meaning of section 4(1) of the [Real Estate Agents Act 2008](#). Means any one or more of the following:

- the sale, purchase, or other disposal or acquisition of a freehold estate or interest in land;
- the grant, sale, purchase, or other disposal or acquisition of a leasehold estate or interest in land (other than a tenancy to which the Residential Tenancies Act 1986 applies);
- the grant, sale, purchase, or other disposal or acquisition of a licence that is registrable under the Land Transfer Act 1952;

- the grant, sale, purchase, or other disposal or acquisition of an occupation right agreement within the meaning of the Retirement Villages Act 2003:
- the sale, purchase, or other disposal or acquisition of any business (either with or without any interest in land).

#### **Transfer of a Beneficial Interest**

The transfer of a beneficial interest in land or other real property. Means transactions not already captured above.

#### **Transfer of legal person or business**

A transaction on behalf of any person in relation to the buying, transferring, or selling of a business or legal person or any other legal arrangement. Means the buying and selling of businesses or other legal arrangement of value.

#### **Creation or management of legal persons or arrangement:**

A transaction on behalf of a customer in relation to creating, operating, and managing a legal person or any other legal arrangement. This means companies, trusts, charities etc.

- ▶ **7.7** - Estimate the total value of the transactions listed in 7.6 above (excluding your professional fees) for the last year. Select from the value range of:
- \$0
  - \$1 - \$999,999
  - \$1,000,000 - \$9,999,999
  - \$10,000,000 - \$49,999,999
  - \$50,000,000 and over

Most law firms with a conveyancing and/or commercial practice would be in the highest range.

#### **Question 7 - Part 3 (B) – Supplementary Activities**

Note: It is optional to complete section B, but you are encouraged to do so as it provides the Department of Internal Affairs with valuable information. Most of these will not apply to Lawyers, Accountants and Real Estate Agents so this section can be skipped.

- ▶ **7.8** - Select whichever of the following activities you provide:  
Note questions 7.8(a) would include deposits for property transactions and other asset purchases and 7.8(d) would include funds to and from your trust account.

#### **Question 7 - Part 3 (C) – Supplementary Questions**

- ▶ **7.9** - Do you accept cash (physical currency or bearer negotiable instruments)?  
 If yes, estimate what percentage of your business involves cash (this is likely to be a very small percentage).

Note a bearer negotiable instrument is a non-cash monetary instrument, which may contain the instruction "pay to the bearer". Examples of bearer negotiable instruments include some cheques, promissory notes, traveler's cheques, bearer bonds, money orders and postal orders. If you accept cash or bearer negotiable instruments, then you must estimate the percentage of your total income that is formed through cash.

- ▶ **7.10** - Do you send/receive funds from other countries (including the payment of fees either on your own behalf or on behalf of someone else)? If “yes”, you must estimate the total value of transactions for the past year from the following range:
  - \$0
  - \$1 - \$999,999
  - \$1,000,000 - \$9,999,999
  - \$10,000,000 - \$49,999,999
  - \$50,000,000 and over
  
- ▶ You then must list your 3 most common products and/or services described in sections A to C (this includes all of question 7).

### **Question 8 - Part 3 – Customers (including clients)**

- ▶ **8.1** - Estimate how many customers you conducted CDD on this year in the course of carrying out activities regulated by the Act. Enter an estimated number if the actual data is not available.

Please include any beneficial owners or other individuals/entities associated with a customer on whom CDD was also conducted. The total should reflect the number of times CDD was conducted. E.g., if your customer was a company, and you conducted CDD on all four of the beneficial owners of the company as part of the onboarding process, the number of times CDD conducted would add up to five (the company plus the four beneficial owners of the company on whom CDD was conducted). Please also include existing customers for whom ongoing CDD have been conducted.

- ▶ **8.2** - Estimate how many of the customers referred to in question 8.1 are:
  - classified as politically exposed persons (PEP)
  - a trust or another vehicle for holding personal assets.
  - an overseas government body.
  - a New Zealand resident individual.
  - a New Zealand resident entity (including companies, partnerships, trusts, charities, and incorporated societies).
  - a non-resident individual.
  - a non-resident entity (including companies, partnerships, trusts, charities, and incorporated societies).
  
- ▶ **8.3** - Indicate whether you use the following methods to carry out CDD on new customers who requested new activities subject to the AML/CFT Act during the annual reporting year. If so, please indicate the most common method. (1 = most common, 5 = least common).

Note: you can enter N/A if the method is not used. It also will accept 1 for face-to-face and 5 for non-face-to-face, and then N/A for the other 3 options (if appropriate for your business).

- Face-to-face (over the counter, other than intermediaries)
- Non-face-to-face (including electronic, telephone, post, and all other types of remote access—other than intermediaries). This would include the use of Electronic Identity Verification providers, such as APLYiD or Cloudcheck. Clients that are also met face-to-face by your staff may fall into the prior category.

- Domestic intermediaries/agents/third-party referral (exclude your reporting entity's employees). This would include any third-party CDD providers, such as First AML or TIC.
- Overseas intermediaries/agents/third-party referral (exclude your reporting entity's employees who are acting as advisors working outside the main offices).
- Other.

Note Intermediaries include all third parties making referrals and introductions of business. Include accountants, solicitors, brokers and agents, including independent or tied advisers.

## Question 9 - Part 4 – Sector-Specific Questions

- ▶ **9.1** - Do you incorporate companies or form trusts or other legal structures or arrangements in jurisdictions outside NZ?  
If yes, you need to provide the 3 most common countries in 9.2.
- ▶ **9.3** - Do you handle the receipt and transmission of customer/client money?  
Yes/No response.  
Note this will be yes if you operate a trust account. This excludes payment of fees for services you provide.
- ▶ **9.4** - Do you manage customer/client bank accounts?  
Yes/No response.  
Note this will be yes if you hold funds for the client's long-term (deposit/call type accounts) or if you have authority over your client's own bank accounts.
- ▶ **9.5** - For your customers and clients who are overseas corporations with shares in bearer form, do your policies provide for maintaining the physical control of those bearer shares to ensure that ownership of the corporate entity does not change without your knowledge?  
Can be answered N/A.
- ▶ **9.6** - Do you provide AML/CFT regulated services to other DNFBPs in New Zealand?  
This would be other law firms, accountancy practices and real estate agencies. Options are yes, no, unknown. This would be yes if you undertake any captured activities for other reporting entities (i.e. they are your clients).
- ▶ **9.7** - Do you provide AML/CFT regulated services to other DNFBP equivalents located overseas?  
Same as 9.6 but the clients are based overseas.
- ▶ **9.8** - When providing AML/CFT regulated services, do you use intermediaries or agents within New Zealand?  
This is when an agent controls the relationship, and you will not deal directly with the client. It also includes the use of any third-party CDD providers. Yes/No response.
- ▶ **9.9** - When providing AML/CFT regulated services, do you use intermediaries or agents based overseas?  
Same as 9.8, but agents are overseas. If yes, you must also advise the countries involved in 9.10.

Questions for real estate agents, conveyancing practitioners, and lawyers carrying out conveyancing activities.

- ▶ **9.11** - Have you received cash as part of a real estate transaction?  
If yes, you must also advise how often this occurred and how much cash was accepted.
- ▶ **9.12** - Are you providing residential property sales or services e.g., people buying homes?  
Yes/No response.
- ▶ **9.13** - Are you providing commercial property sales or other services (including commercial leasing)?  
Yes/No response.
- ▶ If you answered "yes" to both 9.12 and 9.13, you must enter the estimated split between residential and commercial property sales and services.

#### **Question 10 - Part 5 – Conditions of Ministerial Exemption**

- ▶ **10.1** - Have you been granted any ministerial exemption that is subject to conditions?  
Likely to be No. If yes, details of the exemption need to be provided.

## FREQUENTLY ASKED QUESTIONS – from [DIA website](#)

### ***Can I have an extension for submitting my annual AML/CFT report?***

No. The Department is unable to grant any extensions.

### ***What happens if I don't submit an annual AML/CFT report?***

If you do not submit an annual AML/CFT report, compliance action may be taken against you.

### ***What happens if I supply false or misleading information?***

Penalties may apply if false or misleading information is supplied.

### ***Am I exempt from submitting an annual AML/CFT report?***

If you have a full exemption from the AML/CFT Act, you do not need to submit an annual AML/CFT report.

If you have a partial exemption, you may be required to submit an annual AML/CFT report.

If you do not know whether you need to submit an annual AML/CFT report, please contact us at [amlcft@dia.govt.nz](mailto:amlcft@dia.govt.nz)

### ***Can I create my own template to submit my annual AML/CFT report?***

No. Please use [AML Online](#) to submit your annual report.

If you have any issues doing this, please let us know by contacting [amlcft@dia.govt.nz](mailto:amlcft@dia.govt.nz). We will make sure you have options to allow you to submit your annual report.

### ***Can I use a template provided by another supervisor to complete my annual AML/CFT report?***

No. Please use AML Online to submit your annual report.

If you have any issues doing this, please let us know by contacting [amlcft@dia.govt.nz](mailto:amlcft@dia.govt.nz). We will make sure you have options to allow you to submit your annual report.

### ***Can I submit a handwritten report?***

No. Please use AML Online to submit your annual report. If you have any issues doing this, please let us know by contacting [amlcft@dia.govt.nz](mailto:amlcft@dia.govt.nz).

We will make sure you have options to allow you to submit your annual report.

### ***Does each member of a designated business group (DBG) need to complete a separate annual AML/CFT form?***

Yes. Each member of a DBG must complete a separate annual AML/CFT form, except as noted in Part Two (Questions 4-5) for reporting entities that are eligible members of a DBG.

If you are a member of a DBG, you may allow another member to answer Part Two on your behalf. However, please note that you are responsible for the information provided. If you are eligible, use the space provided in Part Two to specify this, together with the legal name and registered number of the member answering Part Two on your behalf. Then leave this Part blank and go to Part Three. You are required to answer all other parts of the form.