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AUSTRALIAN TAX ADVISER

Issue 2609 | May 2026

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INFORMATION EXCHANGE
Step Up to Advice

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Section 1 – Professional Developments

UPDATED RULES ON MONEY LAUNDERING

The *Anti-Money Laundering and Counter-Terrorism Financing Amendment Act 2024* (the Amendment Act) passed Parliament on 29 November last year. This legislation is aimed at strengthening the rules around money laundering and seeks to recruit various professional bodies to assist authorities to detect and stamp out this practice.

Before launching into an analysis of the new rules, it may be prudent to explain the practice of money laundering, and how it affects professional advisers in Australia.

¶9.1 The money laundering process

Money laundering happens in almost every country in the world, and a single scheme typically involves transferring money through several countries in order to obscure its origins. The basic money laundering process typically involves three steps:

1. **Placement:** At this stage, the perpetrator places the dirty money into a legitimate financial institution. This is usually in the form of cash bank deposits and is typically the riskiest stage of the laundering process (because large deposits are conspicuous, and most banks are required to report high-value transactions). So to be successful at this stage, banks located in tax havens or jurisdictions known for their discretion (such as Switzerland) will usually be employed.

2. **Layering:** This involves the transfer of the money through various financial transactions to change its form and thus make it difficult to follow. Layering typically involves numerous bank-to-bank transfers (or wire transfers) between different accounts in different names in different jurisdictions, making deposits and withdrawals to continually vary the amount of money in the chain of transactions. It may also involve changing the currency or purchasing high-value items (such as boats, houses, cars, diamonds or gold bullion) to change the form of the money. This is the most complex step in any laundering scheme, and it's all about making the original dirty money as hard to trace as possible. Because of the complexity of these operations, fraudsters only resort to this level of activity where there are large amounts involved. Where the amounts are smaller, this process is still used, but on a significantly reduced scale.

3. **Integration:** At this stage, the money re-enters the mainstream economy in legitimate-looking form, appearing to come from one or more legal transactions. This could be as simple as carrying out a final bank transfer into the account of some local business to acquire goods or services. On a more complex level, it may involve the launderer "investing" in a business in exchange for a share of the profits. It may also involve the resale of some or other expensive asset during the layering