

AEOI Update

18 May 2021

Australia

CRS: Updated Guidance on Due Diligence Procedures for New Accounts

Late last year, the Australian Taxation Office (ATO) incorporated changes to the due diligence procedures for new individual accounts, requiring a Reporting FI (RFI) to not materially progress the account opening process without obtaining a valid self-certification. An RFI is deemed to have materially progressed the account opening if an account number is provided to the account holder, unless a block is applied to all transactions on the account, including stopping an initial deposit.

Just last week, the ATO further clarified that the same applies where a reasonableness check of the self-certification is completed as a 'day two' process. Where a valid and reasonable self-certification is not obtained, it is recommended that RFIs have the following strong measures in place:

- Remove the block to all customer transactions on the account only when a valid and reasonable self-certification is received; or
- Close the account.

RFIs should also document instances where valid self-certifications for new accounts are not obtained.

Self-certifications are expected to be obtained for all new accounts, and penalties may be imposed on RFIs that do not take strong measures to obtain self-certifications. An indicia search in lieu of obtaining a self-certification for a new account is not acceptable.

You may view the updated guidance [here](#).

[Contact us](#) if you have questions about this update.