

DESIGNING A MODERN AUSTRALIAN BUSINESS NUMBER SYSTEM

AUGUST 2018

ANZ SUBMISSION

1. ANZ welcomes the opportunity to comment on the Designing a modern Australian Business Number (**ABN**) System (**Consultation Paper**).
2. ANZ supports a more rigorous application process for ABNs to improve the quality and accuracy of ABN data. This will reduce the potential for misuse and fraud within the ABN system and financial crime more broadly.

Verifying identity of an ABN holder

3. We support the introduction of an identity verification process for all ABN holders, to be undertaken by ATO, at the time an ABN is registered.
4. In our view, the identity verification undertaken by ATO ought to be sufficient to meet the Know Your Customer (**KYC**) requirements under the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* and the AML/CTF Rules (**AML/CTF Act and Rules**). This could be facilitated using existing digital systems, such as Australia Post Digital ID service, to minimise the additional administrative burden.
5. In turn, reporting entities ought to be able to rely on the business information in the relevant register as “reliable and independent” under the AML regime when meeting their own KYC obligations on the basis that it is “maintained by a government body pursuant to legislation”¹.
6. We suggest that ABNs linked to individuals should continue to be made available to banks and other users of the ABN Register, even where the ABN has been deregistered.
7. In conjunction with identity verification, we support the Government’s initiatives being implemented pursuant to the Modernising Business Registers Program. This includes the bringing together of the ABR and ASIC business registers on a single platform and the introduction of a unique Director Identification Number (**DIN**) for all Australian Company Directors.
8. As set out above, we support the verification of a Director or beneficial owner at the time of registration of an entity and that the verification aligns and can be relied upon for the purpose of complying with the AML/CTF Act and Rules.
9. The introduction of a DIN will address the issue of the same individual being recorded multiple times under slightly different names or with different dates of birth within the ABN

¹ As per *AML/CTF Rule 4.10*. Currently, the register has a disclaimer that “neither the Registrar of the ABR nor the Federal Government guarantee that the information available through this service (including search results) is accurate, up to date or complete”.

register². This will make it more difficult for individuals to deliberately misuse the register to avoid being associated with previous businesses.

10. We also support listing trusts and the beneficiaries or ultimate beneficial owners of a trust on the ABN Register. Currently a closely held trust is required to disclose the top 20 trust beneficiaries (by the value of benefit)³ but this information is not publicly available⁴. For all other trusts only the identity of the trustee must be disclosed.
11. These measures will increase the opportunity for banks to identify connections between individuals and businesses when reporting suspicious matters to AUSTRAC.
12. ANZ considers that the treatment of the DIN in relation to the storage of this data by a reporting entity should be consistent with that applying to ABNs. Under the *Privacy Act*, an individual's ABN can be kept on bank documentation and retained on bank databases. In our view the DIN ought to be similarly treated so that banks, and other institutions, are able to identify connections between individuals and businesses on an ongoing basis and not just at the point of conducting KYC checks.

Entitlement to an ABN

13. We support the recommendation in the Black Economy Taskforce Final Report (**Final Report**) to remove the entitlement to obtain an ABN from individuals that are not entitled to carry on an enterprise (as required for eligibility to obtain an ABN)⁵. To facilitate this, we suggest that at the time of verifying an individual's identity information is also obtained about the visa status of the applicant. Individuals who are in Australia on a visa (such as a tourist visa) which does not permit them to work or carry on an enterprise in Australia should, in our view, be unable to proceed with the ABN application.
14. We also believe that individuals on ASIC's banned and disqualified register should not be permitted to obtain an ABN. Where the ban, or the period of disqualification, has expired, the application should be manually assessed before obtaining an ABN. We also believe there is merit in requiring a manual assessment process for those with a criminal conviction for an offence involving dishonesty. This should be considered in tandem with the ongoing work with the Australia Taxation Office to develop an application experience based on the applicant's risk profile.

² A concern identified in the Black Economy Taskforce Final Report (October 2017), pg 98.

³ See <https://abr.gov.au/For-Business,-Super-funds---Charities/Applying-for-an-ABN/What-you-need-for-your-ABN-application/Associates-details/>.

⁴ See <https://abr.gov.au/For-Business,-Super-funds---Charities/Applying-for-an-ABN/Your-business-information-on-the-ABR/>

⁵ As proposed in the *Black Economy Taskforce Final Report*, pg. 97.

Active prosecution

15. It is important that ASIC uses its powers under the Corporations Act to prosecute those who provide false or misleading information in relation to an ABN application⁶.
16. We also support the cancellation of an ABN in circumstances where an ABN holder is not meeting their taxation obligations but agree with the view expressed in the Consultation Paper that this should not occur for minor issues, issues under dispute or where the businesses has agreed to corrective action to rectify the matter⁷.

Renewal Fee

17. We support a renewal process for ABN registrations with a small renewal fee. The fee would contribute to the costs of maintaining and updating the register and serve as an incentive to ABN holders to cancel unused ABNs. Ideally the renewal process could be linked to the ABN's annual tax return lodgement.

Ends

⁶ See Division 284 of the *Taxation Administration Act 1953*.

⁷ As proposed in the *Designing a modern Australian Business Number system Consultation Paper*, pg 6.