

**TAX POOLING**

The overall risk assessment rating for Tax Pooling entities is **MEDIUM**.

The features identified in the table of this guide will help businesses conduct risk assessments about money laundering and financing of terrorism.

They will help you create policies and procedures which accurately reflect how much your business could be affected by money laundering.

The table does not cover every way a money launderer may use your business. It reflects ways that money launderers have acted in the past. We encourage you to think about other situations that may apply to your specific business.

Transactions or activities listed in the table may not necessarily signal money laundering if they are consistent with a customer’s legitimate business.

Based on knowledge of your own business you should decide what risk particular customers or transactions pose and how you can lessen that risk.

|  | | **HIGHER RISK CHARACTERISTICS** | **LOWER RISK CHARACTERISTICS** |
| --- | --- | --- | --- |
| **Scale of Business** | | High number/ value of transactions where customers put money through the system for sale or refund; | Low number/ value of transactions where customers put money through the system for sale or refund; |
| **Types of Transaction (s)** | Refund/ Transfer | Where customers can ask for a refund of their payments, customers may deposit money and then seek a refund of funds held in a tax pool account either immediately or after some years; | Funds to be transferred out of a tax pool which are matched against a known tax debt; |
| People transferring money out of a tax pool to cover a tax debt before a return is filed, and the actual liability is less than the tax transferred out and the customer then wants a refund. | Most pool holdings being traded or transferred to the customer’s IRD number. Where funds are transferred from the tax pool to an IRD account, the IRD has processes in place to ensure the transfer only goes through if there is an actual or presumed tax liability present; |
| Sale | People depositing money and then putting it up for sale, particularly after the tax return is filed where the amount for sale is a significant sum; | The amount for sale relative to the tax debt is small; |
| Buying tax credits including other tax types such as GST; |  |