



SANCTIONS RISKS OF INCOMING FUNDS FROM IRAN

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This **ADVISORY NOTE** is produced by the Australian Sanctions Office (ASO) within the Department of Foreign Affairs and Trade (DFAT). This note has been issued to enhance public awareness regarding activities that may pose a high risk of sanctions contraventions. This document should not be used as a substitute for legal advice. Users are responsible for ensuring compliance with sanctions law.

BACKGROUND

The Australian financial sector (banks, remitters, and Virtual Asset Service Providers (VASPs)) may observe increased inbound funds linked (directly or indirectly) to Iran during periods of conflict, economic stress, tightened sanctions, currency volatility and domestic instability.

While capital flight itself is not inherently unlawful, it presents elevated sanctions risks, particularly where funds originate from sanctioned sectors or designated persons. These funds may:

- be routed through intermediary jurisdictions,
- involve opaque source-of-funds documentation, or
- display structuring or layering characteristics.

INDICATORS

The following indicators may be observable by the financial sector.

Customer indicators:

- Sudden receipt of large inbound transfers that are inconsistent with known income profiles where the customer or the customer's network has links to Iran.
- Substantial transfers of capital by recent Iranian migrants or visa-holders shortly after arrival.
- Use of complex ownership structures (trusts, private companies) to acquire assets where the customer or the customer's network has links to Iran.
- Limited verifiable documentation supporting claimed wealth source where the customer or the customer's network has links to Iran.
- Attempted concealment of Iranian nexus via alternate spellings or beneficial ownership opacity.

Transaction indicators:

- Receipt of transactions originating from Iran or offshore entities of Iranian citizenship without any prior established connections or transactional patterns.

Funds rarely arrive directly from Iran due to sanctions constraints. Instead, common patterns include:

- Transfers routed through UAE, Türkiye, Malaysia, or other regional financial hubs.
- Use of multiple correspondent banks in short succession.
- Layered transfers before consolidation in Australia.

Cryptocurrency-specific indicators:

- Conversion from cryptocurrency exchanges into Australian bank accounts.
- Rapid AUD off-ramping following offshore crypto accumulation.

STRUCTURING BEHAVIOUR

- Repeated transfers just below internal risk thresholds where the customer or the customer's network has links to Iran.
- Multiple remitters sending funds to a single Australian beneficiary where the customer or the customers network has links to Iran.
- Fragmented inflows later consolidated for property or business investment where the customer or the customers network has links to Iran.

GENERAL SOURCE-OF-FUNDS RED FLAGS

- Vague descriptions (e.g. 'consulting,' 'private business income,' 'family support').
- Documents issued by entities are difficult to independently verify.
- Inconsistencies between stated business activity and transferred amounts.
- Funds derived from sectors potentially subject to sanctions.

RECOMMENDATIONS

You should confirm that Iran-related geographic risk remains appropriately calibrated in your relevant risk assessment and due diligence processes.

You should establish targeted transaction monitoring rules for:

- direct inbound transactions with an Iran nexus,
- indirect Middle East routing corridors,
- rapid capital inflow followed by property acquisition,
- multi-party remittance structuring patterns.

Consider enhanced due diligence for:

- politically exposed persons (PEPs),
- high-net-worth migrants from high-risk jurisdictions.

FURTHER INFORMATION

For more information on Australian sanctions, please refer to the DFAT sanctions website:

<https://www.dfat.gov.au/international-relations/security/sanctions/about-sanctions>.