

LEGAL ALERT

APPLICABILITY OF PREVENTION OF MONEY LAUNDERING ACT, 2002 (PMLA) ON GEMS AND JEWELLERY INDUSTRY

Through **Extraordinary Notification No. 4 and 5/2017**, dated 23rd August, 2017 the Government of India has notified Dealers in Gems and Jewellery Industry as person carrying on Designated Business or Profession.

Synopsis of the Notifications

- 1. Applicability:** Dealer in Precious Metals, Precious Stones, and other High Value Goods having a turnover of Rs. 2 Crore or more in a Financial Year will be referred to as a person carrying on Designated Business or Profession under the PMLA
- 2. Regulator:** The Directorate General of Goods and Service Tax Intelligence will be the Regulator with respect to Maintenance of Records under the PMLA .
- 3. Effective Date:** the notification shall stand effected from 23rd August, 2017.

Relevant Points on PMLA

- Now that applicability of PMLA on the Gems and Jewellery Industry has been notified, it is pertinent to know the duties and penalties under the statute.
- Hence, it is the **Duty of the Dealer** to
 1. **Maintain a record of all transactions**, including information relating to **transactions Rs.50000 or more executed in cash** in a manner as to enable to reconstruct individual transactions.
 2. **Furnish to the Director/Authority information** relating to such transactions, whether attempted or executed, within the time specified.
 3. **Verify and maintain record of the identity of its clients** by collection of following Copies:
 - a. PAN Card / Form 60 if PAN is not available;
 - b. Aadhar Card/ Passport / Voter ID / Driving License (In the Order of Preference)
 4. Identify and maintain record of the identity (refer Sr. No.3) of the **beneficial owner** of such of its clients, if any.
 5. **Maintain confidentiality** of the above information collected of the client.
 6. Maintain the above referred record for a **period of five years** after the business relationship between a client and the dealer has ended or the account has been closed, whichever is later.
 - The Director/Authority may impose a monetary penalty on the Entity or its Directors/Partners/Employees which shall **not be less than Rs.10,000 but not more than Rs.1,00,000 for each failure.**
 - At any stage of inquiry or any other proceedings before the Director/Authority if he is of the opinion that it is necessary to do so, he may direct the concerned Dealer to get its **records audited by a Chartered Accountant** from amongst a panel of Chartered Accountants, maintained by the Central Government for this purpose. Further, the expenses of the above referred audit shall be borne by the Central Government.

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