PMLA Exemption Delights Jewellers

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GJF chairman Nitin Khandelwal.

The All India Gems and Jewellery Trade Federation (GJF) welcomed the Government of India's decision to keep the gem and jewellery industry out of the ambit of the Prevention of Money Laundering Act (PMLA). Over the past few weeks, GJF along with industry delegates had a series of meetings with the Financial Intelligence Unit (FIU), Directorate General of Goods and Services Tax Intelligence (DGGSTI), BJP president Amit Shah and with NITI Aayog and represented their concerns on this issue.

As per Notification No.4/2017 dated August 23rd 2017, the central government notified dealers in precious metals, precious stones and other high value goods having a turnover of I2 crore in a financial year as a person carrying on designated business or profession.

As a consequence, various compliances under the PMLA were required to be undertaken by the gems and jewellery sector, which was to be overseen by the DGGSTI. Critical among these were the requirement under Rule 9 of the PMLA Rules, whereby a reporting entity must verify the identity of its clients, via a KYC process, for every transaction of I50,000 or more (whether conducted as a single transaction or several transactions that appear to be connected).

Nitin Khandelwal, chairman, GJF, said, "This is really a great news for the industry and we are thankful to Honourable PM Narendra Modi ji, FM Arun Jaitley ji and Amit Shah ji. Over the past 20 days we had met each and every department and key personnel in the government. The support that we got from various associations and chain store owners on this concern was phenomenal. This is really a proud moment for our industry and we look forward to good business during the festive season."

The government rescinded its earlier notification in a statement dated October 7th 2017 which rea... "The government has received representations from various associations in the gems and jewellery sector with respect to certain incongruities in Notification No.4/2017 dated August 23rd 2017, wherein dealers in precious metals, precious stones and other high value goods were notified as person carrying on designated business and professions under the Prevention of Money-Laundering Act, 2002. After considering various aspects of the issue, the government has decided to rescind the said notification. A separate notification after due consideration of points raised and wider stakeholder consultation in this regard, shall be issued in due course."

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