

Business Standard

PMLA: Carry your original ID to bank for transactions over Rs 50,000

The PMLA and its rules impose an obligation on reporting entities like banks, financial institutions and intermediaries

Press Trust of India | New Delhi October 23, 2017 Last Updated at 01:51 IST



Representative image (Image: Reuters)

The Government has made it mandatory for banks and financial institutions to check the original identification documents of individuals dealing in cash above the prescribed threshold, to weed out the use of forged or fake copies.

The Department of Revenue in the Finance Ministry has issued a gazette

notification making an amendment to the Prevention of Money-laundering (Maintenance of Records) Rules.

The new rule now requires the reporting entity to compare "the copy of officially valid (identification) document so produced by the client with the original and recording the same on the copy".

The Prevention of Money Laundering Act (PMLA) forms the core of the legal framework put in place by India to combat money laundering and generation of black money.

The PMLA and its rules impose an obligation on reporting entities like banks, financial institutions and

intermediaries to verify the identity of clients, maintain records and furnish information to Financial Intelligence Unit of India (FIU-IND).

As per Rule 9, every reporting entity shall at the time of commencement of an account-based relationship, identify its clients, verify their identity and obtain information on the purpose and intended nature of the business relationship.

Intermediaries like stockbroker, chit fund company, cooperative bank, housing finance institution and non-banking finance companies are also classified as reporting entities.

Biometric identification number Aadhaar and other official documents are required to be obtained by the reporting entities from anyone opening a bank account as well as for any financial transaction of Rs 50,000 and above.

The same is also required for all cash dealing of more than Rs 10 lakh or its equivalent in foreign currency, cash transactions where forged or counterfeit currency notes have been used and all suspicious transactions.

All cross-border wire transfers of more than Rs 5 lakh in foreign currency and purchase and sale of immovable property valued at Rs 50 lakh or more also fall under this category, according to the reporting rules.

The Gazette notification said in case the officially valid document furnished does not contain the updated address, a utility bill like electricity, telephone, post-paid mobile phone, piped gas or water bill which is not more than two months old can be considered as a proof of address.

Also, property or municipal tax receipt, pension or family pension payment orders issued to retired employees by Government departments, or letter of allotment of accommodation from an employer can be considered for the same purpose.