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**Newsflash: Government withdraws PMLA Notification relating to Gems and Jewellery sector with immediate effect**

[NOTIFICATION NO. G.S.R. 1223(E) dated 6-10-2017]

## 1.0 Background

- The Prevention of Money-laundering Act, 2002 (PMLA) aimed at combating money laundering in India came into force with effect from 1st July, 2005.
- Under the PMLA, the reporting entities inter-alia, included dealer in precious metals, precious stones and other high value goods, as may be notified by the Central Government.
- On 23 August 2017, the Central Government issued a notification [Notification No.4 of 2017)] stating that any entity dealing in in precious metals, precious stones and other high value goods having a turnover of Rs. 2 crores or more in a previous financial year will be covered under PMLA.

## 2.0 Government withdraws PMLA Notification relating to Gems and Jewellery sector with immediate effect

- The Government received representations from various Associations in the Gems and Jewellery sector with respect to certain incongruities in the above notification.
- After considering various aspects of the issue, the Government withdrew the above notification on 6<sup>th</sup> October 2017 with immediate effect.
- Further, the Press Release issued by the Ministry of Finance of even date has said that a separate notification shall be issued in due course after careful consideration of points raised and wider stakeholder consultation in this regard.
- As a result, no compliance under PMLA shall be required to be done by any entity dealing in gems / jewellery / other high-value goods till the time another notification is issued in this regard.

## 3.0 The extract of notification dated 6<sup>th</sup> October 2017 is reproduced below

### MINISTRY OF FINANCE

### (Department of Revenue)

### NOTIFICATION

**New Delhi, the 6th October, 2017**

G.S.R. 1223(E).—In exercise of powers conferred by sub-clause (iv) of clause (as) of sub-section (1) of section 2 of the Prevention of Money-laundering Act, 2002 (15 of 2003), the Central Government hereby rescinds the notification No. 4/2017, dated the 23rd August, 2017, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (I), vide number G.S.R. 1058(E), dated the 23rd August, 2017, with immediate effect, except as respects things done or omitted to be done before such rescission.

[F. No. P.12011/4/2015-ES Cell-DoR] BIPLAB KUMAR NASKAR, Under Secy.

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This newsflash is general in nature. In this newsflash, we have summarized the notification issued by the Ministry of Finance on 6th October 2017 rescinding the notification no. 4 of 2017 and a Press Release of even date.

It may be noted that nothing contained in this newsflash should be regarded as our opinion and facts of each case will need to be analyzed to ascertain applicability or otherwise of the said notification and appropriate professional advice should be sought for applicability of legal provisions based on specific facts. We are not responsible for any liability arising from any statements or errors contained in this newsflash.

9 October 2017