

पत्र संख्या-सामान्य / जी०एस०टी०ऑडिट / 2022-23 /

391

/राज्य कर।

कार्यालय कमिश्नर, राज्य कर, उत्तर प्रदेश
(जी०एस०टी०ऑडिट)

लखनऊ::दिनांक:: २२ नवम्बर-2023

समस्त जोनल अपर आयुक्त,
अपर आयुक्त ग्रेड-2 (वि०अनु०शा०)संयुक्त आयुक्त
(कार्यपालक / वि०अनु०शा० / जी०एस०टी०ऑडिट / कार्पोरेटसर्किल)
डिप्टी कमिश्नर/असिस्टेन्ट कमिश्नर/राज्य कर अधिकरी (कर निर्धारण /
वि०अनु०शा० / जी०एस०टी०ऑडिट)
राज्य कर उत्तर प्रदेश ।

कृपया इस पत्र के साथ लेखा परीक्षा महानिदेशालय (केन्द्रीय अप्रत्यक्ष कर एवं सीमा शुल्क) नई दिल्ली का पत्र सं०-DGA/TECH/Misc/26/2022-Tech-0/0DG-DGA-HQ-DELHI दिनांक-03.11.2023 ,DGA/TECH/Misc/26/2022-Tech-0/0DG-DGA-HQ-DELHI दिनांक-03.11.2023 एवं DGA/TECH/Misc/26/2022-Tech-0/0DG-DGA-HQ-DELHI दिनांक-03.11.2023, की प्रतियाँ संलग्न करते हुए इस आशय से प्रेषित किये जा रहे हैं कि संलग्न पत्रों में उल्लिखित दिशा निर्देशों के अनुपालन में आवश्यक कार्यवाही सम्पादित करना सुनिश्चित करें ।

संलग्नक :-उपरोक्तानुसार ।

(मिनिस्ती एस०)

(मिनिस्ती एस०)

आयुक्त, राज्य कर,
उत्तर प्रदेश ।

पृष्ठांकन पत्र सं व दिनांक उक्त :-

प्रतिलिपि:- संयुक्त आयुक्त (आई०टी०)राज्य कर मुख्यालय को इस आशय से प्रेषित कि पत्र को विभागीय वेबसाइट पर अपलोड कराना सुनिश्चित करें ।

(मिनिस्ती एस०)

आयुक्त, राज्य कर,
उत्तर प्रदेश ।



एकुलैव कुटुम्बकम्
ONE EARTH • ONE FAMILY • ONE FUTURE

लेखा परीक्षा महानिदेशालय
(अप्रत्यक्ष कर एवं सीमा शुल्क)
**DIRECTORATE GENERAL OF AUDIT,
(REGULATOR UNDER PMLA)**
Central Board of Indirect Taxes & Customs,
Department of Revenue
Ministry of Finance, Govt. of India
C.R. Building, I.P. Estate,
New Delhi-110109
Email: dg.audit-obec@nic.in

Date: 03.11.2023

Guidelines for Guidance and Feedback for the Reporting Entities (Real Estate Agents (REAs) and Dealers in Precious Metals and Precious Stones (DPMS)) with reference to Anti-Money Laundering (AML), Countering the Financing of Terrorism (CFT), and Combating Proliferation Financing (CPF)

This is a document to provide guidance and feedback to the Reporting Entities (REs) to enable them to be more effective in applying national Anti-Money Laundering/ Countering the Financing of Terrorism measures as per Recommendation 34¹ of Financial Action Task Force (FATF).

Add. Com.
(Law)

2. The Directorate General of Audit (DG-Audit) has been appointed² as the 'Regulator' on behalf of the Central Board of Indirect Taxes and Customs for DNFbps under the Prevention of Money Laundering Act, 2002.

3. In continuation of other guidelines issued by DG-Audit from time to time³, the existing feedback mechanisms are consolidated herein for the reference REs:

For Commissioners
07.11.2023

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- (i) Stakeholder engagement: Meetings with Reporting Entities, their associations, trade associations and GST authorities are regularly organised by DG- Audit and Financial Intelligence Unit-India (FIU-India).
- (ii) As part of the audit process: As per audit process prescribed in GST Audit Manual, 2019, discrepancies/ non-compliance issues noticed during audit are shared with REs, providing feedback and insight into their compliance mechanism with respect to their AML/ CFT/ CPF obligations.
- (iii) Show-cause notice issued to the Reporting Entity (RE): In case the audit observations disclose AML/CFT non-compliance, a show-cause notice is issued to the RE, which constitutes a feedback mechanism for REs.
- (iv) Personal Hearing: The said show-cause notice is adjudicated by way of an established legal process.
- (v) Adjudication order: At the conclusion of the adjudication process, DG Audit passes a reasoned order discussing in detail the compliance status of the RE to whom the notice was issued.

(Dr. Amandeep Singh)
Additional Director General

To
Reporting Entities (REAs and DPMS), through their associations as per attached list.

Copy to:

¹ "Competent authorities, supervisors, and SRBs [Self Regulating Bodies] should establish guidelines and provide feedback, which will assist financial institutions and DNFbps in applying national AML/CFT measures, and in particular, in detecting and reporting suspicious transactions." (www.fatf-gafi.org)

² O.M. issued vide CBIC's F.No. GST/INV/CBIC as Regulator Under PMLA/20-21 dt. 22.11.2021.

³ REAs: Guidelines dated 30.12.2023, 17.02.2023 & 04.05.2023; DPMS: Guidelines dated 25.01.2023, 17.02.2023 & 04.05.2023.

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अपुष्ट आमुक्त (आरिड)

अपुष्ट आमुक्त (जि.रि.)
- 11/11/2023

750/09.11.23

प्रमाणित
अपुष्ट आमुक्त (आरिड)

1/1518989/2023

1. Commissioner (Customs-Inv), CBIC.
2. Director (FATF), Department of Revenue, MoF, North Block, New Delhi.
3. Joint Secretary, Tax Policy Research Unit, Department of Revenue, MoF.
4. Director, FIU-INDIA, New Delhi.
5. CGST Audit Commissioners (All).
6. SGST/ Commissioner of Commercial Tax (All states and U.T.s).
7. Pr. ADG/ ADG, D.G.Audit, Zonal Units (All).



ANNEXURE

Sl.No	Association of Real Estate Agents	Association of Dealers in Precious Metals and Precious Stones
1	The President, Builders Association of India, G-1, 7th Floor, Commerce Centre, Dadaji Road, Tardeo, Mumbai-400034	The Chairman, All India Gem & Jewellery Domestic Council, 1501 & 1502, 15th Floor, Panchratna Building, Mama Parmanand Marg, Opera House, Mumbai - 400 004
2	The President, Construction Federation of India, 1st Floor, No. 1, Master Block, Opp. Madhuban Park, Shakarpur Extension, Delhi - 110092	The Secretary, IBJA (Indian Bullion & Jewellery Association) Indian Bullions and Jewellery Association IBJA House, 1st Floor, 2nd Agyari Lane, Zaveri Bazar, Mumbai - 400003
3	The President, National Highways Builders Federation C-713/G, Palam Extension, Sector-7, Dwarka, New Delhi-110075	The Chairman, GJEPC, The Capital, Unit 110, 1st Floor, Bandra Kurla Complex, Bandra (East), Mumbai-400051
4	The President, CREDAI National PHD House, 5th Floor, 4/2, August Kranti Marg, Siri Institutional Area, New Delhi 110016	
5	The Chief Managing Director, NAREDCO, Indian Buildings Congress, Sector-VI, R.K.Puram, New Delhi-110022	

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एक पृथिवी एक कुटुंब एक भविष्य
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लेखा परीक्षा महानिदेशालय
(केंद्रीय अप्रत्यक्ष कर एवं सीमा शुल्क बोर्ड)
DIRECTORATE GENERAL OF AUDIT,
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Department of Revenue
Ministry of Finance, Govt. of India
C.R. Building, I.P. Estate,
New Delhi-110109
Email: dg.audit-cbec@nic.in

Date: 03.11.2023

Guidelines for Supervision of Real Estate Agents (reporting entities) on a Risk-Sensitive Basis

1. Directorate General of Audit (DG-Audit), Central Board of Indirect Taxes and Customs (CBIC) has been appointed as Regulator under the Prevention of Money Laundering Act (PMLA) 2002, in respect of the Real Estate Agents (REAs) vide Notification G.S.R. 800(E) dated 28.12.2020 of Department of Revenue (DoR) issued under Rule 2(1)(fa)(iv) of the Prevention of Money Laundering (Maintenance of Records) Rules, 2005. This document is for the use of DG-Audit, and Audit Authorities in the Centre and State Goods and Services Tax (GST).

2. Supervision of REAs, which are Reporting Entities (REs) from Anti Money-laundering, Countering the Financing of Terrorism and Combating Proliferation Financing (AML/ CFT/ CPF) perspective shall be performed on a risk-sensitive basis.

3. Risk Assessment:

3.1 The Risk Assessment is based on National Risk Assessment, 2022 (NRA 2022), Risk Assessment 2023 for the Real Estate Sector (Sectoral Risk Assessment) and the following risk parameters:

- Risk parameters deployed for selection of audit of GST taxpayers through Directorate General of Analytics and Risk Management (DG-ARM), CBIC.
- Indicative alert indicators contained in the "Guidelines for detecting suspicious transactions under Rule 7(3) of Prevention of Money Laundering (Maintenance of Record) Rules, 2005, for the Real Estate Agents" issued by Financial Intelligence Unit-India (FIU-Ind.).
- Red flag indicators in respect of real estate projects assessed by Real Estate Regulatory Authority (RERA) of every State and Union Territory.
- "Grey" and "Black" list countries as per Financial Action Task Force (FATF).¹
- List of sanctioned entities as per the United Nations Security Council (UNSC).²

3.2 Following sources of data would be used in carrying out supervision of REAs.

- Central Board of Direct Taxes (CBDT).
- FIU-India.
- Directorate General of Analytics and Risk Management (DG-ARM), CBIC.
- Directorate General of Systems (DG-Systems), CBIC.
- Real Estate Regulatory Authority (RERA) of the States and the Union Territories.
- Goods and Services Tax Network (GSTN).
- Information in the public domain.

3.3 Risk based approach in audit by GST authorities of the Centre and the States:

¹ Available at <https://www.fatf-gafi.org/en/topics/high-risk-and-other-monitored-jurisdictions.html>.

² Available at <https://www.un.org/securitycouncil/content/un-sc-consolidated-list>.

Add. Com. (Law)

FOS Commissioner
07.11.2023

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(only for departmental REAs)

Projects having the
Top 50 projects base
Projects with mor
Extension pr
Real Estat
by REP

- (i) National Risk Assessment, 2022 (NRA, 2022) assigns Medium risk to the Real Estate Sector in India.³
(ii) Risk Assessment, 2023 for the Real Estate Sector (Sectoral Risk Assessment), assigns High and Medium risk to the real estate sector under the following jurisdictions:⁴

S.No.	High risk states	Medium risk states
1	Delhi	Tamil Nadu
2	Haryana	West Bengal
3	Mumbai Metropolitan area	Karnataka
4	Telangana	Uttar Pradesh

The REs working in the high and medium risk states are categorized as High-Risk and Medium-Risk, respectively.

(iii) Risk parameters used for selection of audit of GST taxpayers by DG-ARM: For audit as per the said risk parameters, REAs in top 25% of the taxpayers by risk score have been considered High-Risk, REAs in the middle 50% of the taxpayers by risk score are Medium-Risk, and the REAs in the bottom 25% of the taxpayers by risk score are Low-Risk. This assessment would be conducted afresh every year to update the list of auditees.

(iv) Risk classification on the basis of indicative alert indicators issued by the FIU-India.⁵

REAs would be classified High-Risk and Low-Risk as follows:

REAs who report a transaction under one or more indicative alert indicators in the past 1 year	High Risk
REAs who report no transaction under any indicative alert indicators in the past 1 year	Low Risk

(v) Risk classification on the basis of real estate sub-sectors in which REAs deal: In alignment with the Sectoral Risk Assessment 2023 for the Real Estate Sector (as defined in its Para 2)⁶, REAs would be classified High-Risk, Medium-Risk and Low-Risk as follows:

Urban Primary Sector, residential and commercial	High Risk
Urban Secondary Sector, residential and commercial	Medium Risk
Agricultural land transactions	Low Risk

(vi) Risk classification based on red flag indicators of real estate projects. Supervision on a risk-sensitive basis would be prioritized in respect of REAs facilitating transactions in the following red flag projects:

- Where actual cost incurred as percentage of total estimated cost (actual / estimated cost) is more than 75% and work completion is less than 50%, to identify if the funds are inappropriately diverted.
- Where actual cost incurred as percentage of total estimated cost (actual / estimated cost) is less than 50% and work completion is more than 75%, to identify if the funds have been sourced illicitly.

³ Reference Para 5.5.1 to 5.5.6 of NRA 2022.

⁴ Reference Para 5 of Risk Assessment, 2023 for the Real Estate Sector.

⁵ "Guidelines for detecting suspicious transactions under Rule 7(3) of Prevention of Money Laundering (Maintenance of Record) Rules, 2005, for the Real Estate Agents" have been issued by the FIU-Ind. on 21.04.2023.

⁶ Understanding of Real Estate Markets and Assessment of Risk as defined in Para 2 of the Risk Assessment 2023 for the Real Estate Sector.

(only for departmental use)

3. Projects having the latest date of completion within 6 months and work completion percentage is less than 50%.
4. Top 50 projects based on estimated cost of completion.
5. Projects with more than 10 unresolved complaints.
6. Projects with Insolvency proceedings (basis public domain information).
7. Extension projects plus any of the above criteria.
8. Real Estate Projects or their Key Management Personnel being subject to any investigation or penal proceedings by RERA authorities or by any law enforcement agency.

REAs would be classified High-Risk and Low-Risk as follows:

REAs associated with projects that hit more than one red-flag indicator	High Risk
REAs associated with projects that hit no red-flag indicator	Low Risk

Information on the same would be collected from RERA of every state / union territory on a quarterly basis.

(vii) High risk jurisdictions and jurisdictions under increased monitoring: FATF identifies countries or jurisdictions with serious strategic deficiencies to counter money laundering, terrorist financing, and financing of proliferation.⁷ The reporting entities, who have facilitated transactions in properties in which the client is normally a resident of 'Black' and 'Grey' listed countries, would be considered High-Risk and Medium-Risk, respectively. However, the REs dealing with a client in a 'Grey' listed country would be considered High-Risk in the situations where they fall under one or more high risk criteria, described in this guidance note. The supervision of REs would be performed accordingly during their audit.

REAs would be classified High-Risk, Medium-Risk, and Low-Risk as follows:

REAs with clients in a Black list jurisdiction; REAs with clients in a Grey list jurisdiction and falling in one or more other high risk criteria	High Risk
REAs with clients in a Grey list jurisdiction	Medium Risk
REAs with clients in a compliant jurisdiction	Low Risk

(viii) Section 51A of the Unlawful Activities (Prevention) Act, 1967 (UAPA) and Section 12A of The Weapons of Mass Destruction and their Delivery Systems (Prohibition of Unlawful Activities) Act, 2005:

During audit, compliance with regard to obligations of all REAs (whether they are the REs or not) would be reviewed so as to identify and mitigate the suspicious transactions with the individuals and entities, who are subjected to the UN Sanction measures and the orders issued by the Govt. of India.⁸

REAs would be classified high-risk and low-risk as follows:

REAs with one or more clients subject to sanction measures	High Risk
REAs with no clients subject to sanction measures	Low Risk

(ix) The REs who have not appointed their Principal Officers and Designated Directors and have not registered with the FIU-Ind. for compliance with their regulatory requirements are considered high risk.

(x) Based on whether clients are Politically Exposed Persons (PEPs) or not: REAs would be classified High-Risk and Low-Risk as follows:

⁷ Available at <https://www.fatf-gafi.org/en/countries/black-and-grey-lists.html>


⁸ Available at <https://www.un.org/securitycouncil/content/un-sc-consolidated-list>

REAs with one or more clients who are PEPs in the last 5 years.	High Risk
REAs with no clients who are PEPs in the last 5 years.	Low Risk

(xi) Based on the penalty imposed for AML/CFT/CPF non-compliance: REAs on whom a penalty for AML / CFT non-compliance has been imposed in the last one year would be considered High-Risk.

(xii) Risk matrix for risk-based supervisions of REAs based on the considerations discussed above is tabulated below:

Criteria	Risk Category	Frequency of Audit
<p>Any one or more of the following:</p> <p>(i)-REAs with turnover >Rs 20 lakhs and not registered with FIU-India, not appointed Principal officer and Designated Director, (ii)-REAs dealing with clients in black listed countries, (iii)-REAs dealing with clients in grey listed countries and falling under one or more other high-risk criteria, (iv)-REAs working in high-risk states in India as per para 5 of sectoral risk assessment, (v)-REAs in top 25% of the taxpayers by risk score based on 34 risk parameters, (vi)- REAs who report a transaction under one or more FIU indicative alert indicators in the past 1 year, (vii)-REAs working in Urban Primary Sector (residential and commercial), (viii)- REAs associated with projects that hit more than one red-flag indicator. (ix)-REAs dealing with one or more clients subject to sanction measures. (x)-REAs dealing with one or more clients who are PEPs in the last 5 years. (xi)-REAs on whom a penalty for AML / CFT non-compliance has been imposed in the last 1 year.</p>	HIGH RISK	Annual
<p>Any one or more of the following:</p> <p>(i)-REAs dealing with clients in grey listed countries, (ii)-REAs working in medium risk states in India as per para 5 of the sectoral risk assessment, (iii)-REAs in middle 50% of the taxpayers by risk score based on 34 risk parameters, (iv)-REAs working in Urban Secondary Sector (residential and commercial)</p>	MEDIUM RISK	Every 2 years
<p>Any one or more of the following:</p> <p>(i)-REAs in bottom 25% of the taxpayers by risk score based on 34 risk parameters. (ii)-REAs working in low-risk states in India as per para 5 of the sectoral risk assessment, (iii)-REAs who report no transaction under any red flags issued by FIU-India in the past 1 year. (iv)-REAs dealing in agricultural lands. (v)-REAs associated with projects that hit no red-flag indicator. (vi)-REAs dealing with clients in a compliant jurisdiction. (vii)-REAs dealing with no client subject to sanction measures. (viii)-REAs dealing with no clients who are PEPs in the last 5 years. (ix)-REAs on whom no penalty for AML / CFT non-compliance has been imposed in the last 1 year. (x)-REAs who have appointed their Principal Officer and Designated Director and have registered with the FIU-Ind.</p>	LOW RISK	As and when REAs move to Medium and High Risk



(Dr. Amandeep Singh)
 Additional Director General

(only for departmental use)

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DELHI

1. Commissioner, Customs-Inv, CBIC, Department of Revenue, North Block, New Delhi.
2. Director (FATF), Department of Revenue, MoF, North Block, New Delhi.
3. Director, FIU-INDIA, New Delhi.
4. Real Estate Regulatory Authority (All states & UTs).
5. Commissioner, CGST Audit, CBIC (All).
6. Commissioner SGST (All states & UTs).

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लेखा परीक्षा महानिदेशालय
(अप्रत्यक्ष कर एवं सीमा शुल्क)
**DIRECTORATE GENERAL OF AUDIT,
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Central Board of Indirect Taxes & Customs,
Department of Revenue
Ministry of Finance, Govt. of India
C.R. Building, I.P. Estate,
New Delhi-110109
Email: dg.audit-obec@nio.in

Date: 03.11.2023

Guidelines for Supervision of Dealers in Precious Metals and Precious Stones (reporting entities)
on a Risk-Sensitive Basis

1. Directorate General of Audit (DG-Audit), Central Board of Indirect Taxes and Customs (CBIC) has been appointed as Regulator under the Prevention of Money Laundering Act (PMLA) 2002, in respect of the Dealers in Precious Metals and Precious Stones (DPMS) vide Notification G.S.R. 800(E) dated 28.12.2020 of Department of Revenue (DoR) issued under Rule 2(1)(fa)(iii) of the Prevention of Money Laundering (Maintenance of Records) Rules, 2005. This document is for the use of DG-Audit, and Audit Authorities in the Centre and State Goods and Services Tax (GST).

2. Supervision of DPMS, which are Reporting Entities (REs) from Anti Money-laundering, Countering the Financing of Terrorism and Combating Proliferation Financing (AML/ CFT/ CPF) perspective shall be performed on a risk-sensitive basis.

3. Risk Assessment:

3.1 The Risk Assessment is based on National Risk Assessment, 2022 (NRA 2022) and the following risk parameters:

- Risk parameters deployed for selection of audit of GST taxpayers through Directorate General of Analytics and Risk Management (DG-ARM), CBIC.
- Indicative alert indicator contained in the "Guidelines for detecting suspicious transactions under Rule 7(3) of Prevention of Money Laundering (Maintenance of Record) Rules, 2005, for the Dealers in Precious Metals and Precious Stones" issued by FIU-Ind.
- "Grey" and "Black" list countries as per Financial Action Task Force (FATF).¹
- List of sanctioned entities as per the United Nations Security Council (UNSC).²

Add. Com. (Law)

3.2 Following sources of data would be used in carrying out supervision of REAs.

- Central Board of Direct Taxes (CBDT).
- FIU-India.
- Directorate General of Analytics and Risk Management (DG-ARM), CBIC.
- Directorate General of Systems (DG-Systems), CBIC.
- Goods and Services Tax Network (GSTN).
- Information in the public domain.

For Commissioner
07.11.2023
1124

3.3 Risk based approach in audit by GST authorities of the Centre and the States:

(i) National Risk Assessment, 2022 (NRA, 2022) assigns Medium-Low risk to the Dealers in Precious Metals and Stones in India.

(ii) Cash transaction threshold: Dealers in Precious Metals and Precious Stones engaging in cash transactions equal to or above Rs. 10 lakhs with a client in a single or connected transaction are the reporting entities and fall under High-Risk category. The REs are discouraged from engaging in huge cash transactions. Section 269ST of the Income Tax Act, 1961

¹ Available at <https://www.fatf-gafi.org/en/topics/high-risk-and-other-monitored-jurisdictions.html>

² Available at <https://www.un.org/securitycouncil/content/un-sc-consolidated-list>

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restricts cash transactions of Rs 2 lakhs and above in aggregate in a day with a person in business dealings. Thus, A engaging in cash transactions between Rs. 2 lakhs and Rs. 10 lakhs are Medium-Risk.

(iii) Risk parameters used for selection of audit of GST taxpayers by DG-ARM: For audit as per the said risk parameters, DPMS in top 25% of the taxpayers by risk score have been considered High-Risk, DPMS in the middle 50% of the taxpayers by risk score are Medium-Risk, and the DPMS in the bottom 25% of the taxpayers by risk score are Low-Risk. This assessment would be conducted afresh every year to update the list of auditees.

(iv) Risk classification on the basis of indicative alert indicators issued by the FIU-India.³

DPMS would be classified High-Risk and Low-Risk as follows:

DPMS who report a transaction under one or more indicative alert indicators in the past 1 year	High Risk
DPMS who report no transaction under any indicative alert indicators in the past 1 year	Low Risk

(v) High risk jurisdictions and jurisdictions under increased monitoring: FATF identifies countries or jurisdictions with serious strategic deficiencies to counter money laundering, terrorist financing, and financing of proliferation.⁴ The reporting entities, who have facilitated transactions in properties in which the client is normally a resident of 'Black' and 'Grey' listed countries, would be considered High-Risk and Medium-Risk, respectively. However, the REs dealing with a client in a 'Grey' listed country would be considered High-Risk in the situations where they fall under one or more high risk criteria, described in this guidance note. The supervision of REs would be performed accordingly during their audit.

DPMS would be classified high-risk, medium-risk, and low-risk as follows:

DPMS with clients in a Black list jurisdiction;	High Risk
DPMS with clients in a Grey list jurisdiction and falling in one or more other high risk criteria	
DPMS with clients in a Grey list jurisdiction	Medium Risk
DPMS with clients in a compliant jurisdiction	Low Risk

(vi) Section 51A of the Unlawful Activities (Prevention) Act, 1967 (UAPA) and Section 12A of The Weapons of Mass Destruction and their Delivery Systems (Prohibition of Unlawful Activities) Act, 2005:

During audit, the compliance with regard to obligations of all DPMS (whether they are the REs or not) would be reviewed so as to identify and mitigate the suspicious transactions with the individuals and entities, who are subjected to the UN Sanction measures and the orders issued by the Govt. of India.⁵

DPMS would be classified high-risk and low-risk as follows:

DPMS with one or more clients subject to sanction measures	High Risk
DPMS with no clients subject to sanction measures	Low Risk

(vii) The REs who have not appointed their Principal Officers and Designated Directors and have not registered with the FIU-Ind. for compliance with their regulatory requirements are considered High-Risk.

(viii) Based on whether clients are Politically Exposed Persons (PEPs) or not: DPMS would be classified high-risk and low-risk as follows:

³ "Guidelines for detecting suspicious transactions under Rule 7(3) of Prevention of Money Laundering (Maintenance of Record) Rules, 2005, for the Dealers in Precious Metals and Precious Stones" issued by the FIU-India on 03.07.2023.

⁴ Available at <https://www.fatf-gafi.org/en/countries/black-and-grey-lists.html>.

⁵ Available at <https://www.un.org/securitycouncil/content/un-sc-consolidated-list>.

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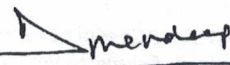
Departmental
 Thus, RES
 risk parameters,
 50% of the
 Low-Risk.

DPMS with one or more clients who are PEPs in the last 5 years.	High Risk
DPMS with no clients who are PEPs in the last 5 years.	Low Risk

(ix) Based on the penalty imposed for AML/CFT/CPF non-compliance: DPMS on whom a penalty for AML / CFT non-compliance has been imposed in the last one year would be considered high-risk.

(x) Risk matrix for risk-based supervisions of DPMS based on the considerations discussed above is tabulated below:

Criteria	Risk Category	Frequency of Audit
Any one or more of the following: (i)-DPMS who has engaged in cash transaction equal to or above Rs. 10 lakhs (single or connected) and not registered with FIU-India, not appointed Principal officer and Designated Director, (ii)-DPMS dealing with clients in black listed countries, (iii)- DPMS dealing with clients in grey listed countries and falling under one or more other high-risk criteria, (iv)-DPMS in top 25% of the taxpayers by risk score based on 34 risk parameters, (v)- DPMS who report a transaction under one or more FIU red flag indicators in the past 1 year, (vi)-DPMS with one or more clients subject to sanction measures. (vii)-DPMS with one or more clients who are PEPs in the last 5 years. (viii)-DPMS on whom a penalty for AML / CFT non-compliance has been imposed in the last 1 year.	HIGH RISK	Annual
Any one or more of the following: (i)-DPMS carrying out cash transactions of above Rs. 2 lakhs and below Rs. 10 lakhs in aggregate with a person in a day, (ii)-DPMS dealing with clients in grey listed countries, (iii)-DPMS in middle 50% of the taxpayers by risk score based on 34 risk parameters,	MEDIUM RISK	Every 2 years
Any one or more of the following: (i)-DPMS in bottom 25% of the taxpayers by risk score based on 34 risk parameters. (ii)-DPMS who report no transaction under any red flags issued by FIU-India in the past 1 year. (iii)-DPMS with clients in a compliant jurisdiction. (iv)-DPMS with no client subject to sanction measures. (v)-DPMS with no clients who are PEPs in the last 5 years. (vi)-DPMS on whom no penalty for AML / CFT non-compliance has been imposed in the last 1 year. (vii)-DPMS who have appointed their Principal Officer and Designated Director and have registered with the FIU-Ind.	LOW RISK	As and when DPMS move to Medium and High Risk


 (Dr. Amandeep Singh)
 Additional Director General

Copy to:

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2. Director (FATF), Department of Revenue, MoF, North Block, New Delhi.
3. Director, FIU-INDIA, 6th Floor, Tower-2, Jeevan Bharti Building, Connaught Place, New Delhi-110001.
4. Commissioner, CGST Audit, CBIC (All).
5. Commissioner SGST (All states & UTs).