

## *Expansion of Definition of Reporting Entities under PMLA*

*This Update is meant for general information and shall not be deemed to be a legal advice or opinion. This Update is neither intended to be an advertisement or solicitation.*

Communications: [Contact@stratage.in](mailto:Contact@stratage.in)



The **Ministry of Finance** has published a notification on May 9, 2023 ([available here](#)) specifying that the following activities carried out *in the course of business, on behalf of or for another person*, would be included in the definition of “*person carrying on designated business or profession*” and such person would have obligations of a “*reporting entity*” under the Prevention of Money Laundering Act, 2002 (“**PMLA**”) which include verification of identity, maintenance of records, enhanced due diligence and providing information to the authorities under the PMLA:

- acting as a *formation agent* of companies and limited liability partnerships (“**LLPs**”);
- acting as or arranging for another person to act as: (i) director or secretary of a company; (ii) partner of a firm; or (iii) similar position in relation to companies and LLPs;
- providing a *registered office, business address or accommodation, correspondence or administrative address* for a company, LLP or trust;
- acting or arranging for another person to act as a *trustee* of an express trust or performing the equivalent function for another type of trust; and
- acting or arranging for another person to act as a *nominee shareholder* for another person.

## *Expansion of Definition of Reporting Entities under PMLA*

*This Update is meant for general information and shall not be deemed to be a legal advice or opinion. This Update is neither intended to be an advertisement or solicitation.*

Communications: [Contact@stratage.in](mailto:Contact@stratage.in)



*The following activities are excluded from the scope of the aforementioned activities:*

- any activity that is carried out as part of any agreement of lease, sub-lease, tenancy or other such agreement for use of land/ building or any space, and the consideration is subjected to *deduction in accordance with the provisions of the Income-tax Act, 1961;*
- any activity undertaken by an *employee* on behalf of its *employer* in relation to its employment;
- any activity undertaken by an advocate, a chartered accountant, cost accountant or company secretary in practice, in respect of formation of a company *to the extent of filing a declaration* under Section 7(1) of the Companies Act, 2013; or
- any activity of a person within the meaning of *intermediary* under the PMLA.