



## The Government issues Anti-Money Laundering Funds Transfer Regulations.

### **In brief:**

- **Reporting Person must now report to the FIU all transactions over USD 10,000 for currency transactions and USD 1000 (for electronic transfers).**
- **Failure to report currency transaction or international electronic funds transfer impose warning not to repeat, reprimand, directive to take remedial action, suspension of business activity.**
- **Fines exceeding five (5) million shillings and not less than one (1) million shillings per day for which a default is committed; suspension or removal from office of any member of staff who causes or fails to comply.**
- **Mandatory report formats introduced with more details of remitter and receiver of funds.**

### **The update:**

Recently, the Ministry of Finance and Planning published the Anti-Money Laundering (Electronic Funds Transfer and Cash Transactions Reporting) Regulations, 2019 (Regulations) vide GN No 420. The Regulations are made under section 29 of the Anti-Money Laundering Act. This caters to fight money laundering in Tanzania.

Every electronic fund transfer shall be accompanied with information required in the Second Schedule and every currency transaction shall contain information required in the First Schedule. Information that will now be required includes transaction information, place of transaction, purpose of transaction, information on person conducting the transaction, nationality of such person, date of birth, occupation in addition to full particulars and address of the beneficiary person. This is depicted under regulation 4 of the



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Anti-Money Laundering (Electronic Funds Transfer and Cash Transactions Reporting) Regulations, 2019.

Under regulation 5 Anti-Money Laundering (Electronic Funds Transfer and Cash Transactions Reporting) Regulations, 2019, it is now mandatory in order to fight money laundering in Tanzania for every Reporting Person(**banks and financial institutions, cash dealers, accountants, real estate dealers, dealers in precious stones work of arts or metal, a regulator, customs officer, attorneys, notaries and other independent legal professionals, and auctioneers**) to report to the Financial Intelligence Unit (FIU) (a) a currency transaction involving Tanzanian Shillings or any foreign currency equivalent to USD 10,000 or more in the course of a single transaction (b) an Electronic Funds Transfer involving Tanzanian Shillings or any foreign currency equivalent to USD 1,000 or more in the course of a single transaction. In determining the value of foreign currency equivalent to USD 10,000 for purposes of reporting currency transactions or USD 1000 for purposes of reporting electronic funds transfer, reporting persons shall pay regard to the official conversion rate of the Bank of Tanzania that is in effect at the time of the transaction.

As per Regulation 6 of Anti-Money Laundering (Electronic Funds Transfer and Cash Transactions Reporting) Regulations, 2019, every attorney, notary or independent legal professional is now required to report currency transactions when assisting clients in preparing or executing transactions involving purchase or sale of property or commercial enterprises, management of funds, opening of bank accounts, buying or selling of business entities, amongst others. This shall apply in respect of sole practitioners, partners or employed professionals within professional firms when they engage in any of the activities above so as to assist in the fight against money laundering in Tanzania.

Accountants or accounting firms as per Regulation 7 of Anti-Money Laundering (Electronic Funds Transfer and Cash Transactions Reporting) Regulations, 2019, who are now required to report currency transaction when engaging in receiving or paying of funds, purchasing or selling securities, real properties or business assets or entities, transferring funds or securities by any means, management of funds amongst others. This shall apply in respect of sole practitioners, partners, or employed accountants within accounting firms when they engage in any of the activities above on behalf of their employer. Every accountant or accounting firm that reports a currency transaction shall fill in and provide information set out in First Schedule.

Regulation 8 of Anti-Money Laundering (Electronic Funds Transfer and Cash Transactions Reporting) Regulations, 2019, Gaming activity operators are now also required to report cash transactions in respect of cash received from a customers; cash disbursed to a



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customer in the course of the redemption of chips, tokens or plaques and front cash withdrawals, safe keeping withdrawals, advances in form of credit, payments on bets including slot jackpots amongst others.

The Regulations further imposes upon an intermediary institution to maintain all originator and beneficiary information that accompanies a wire transfer; keep a record for at least ten years of all the information from the ordering institution or another intermediary institution; have risk-based policies and procedures for determining when to execute, reject, or suspend an electronic funds transfer that lacks required originator or beneficiary information.

The Regulations state that an electronic funds transfer report or currency transaction report shall be submitted to the FIU (a) not later than five working days after the day of the transaction; (b) electronically or otherwise as required by FIU.

The Regulations further state that the FIU or regulator may, upon being satisfied that a reporting person has failed to report currency transaction or international electronic funds transfer according to these Regulations, shall be given a warning or caution not to repeat the conduct which led to non-compliance; a reprimand; directive to take remedial action or to make specific arrangement to remedy the default; restriction or suspension of certain business activities; a fine not exceeding five million shillings and not less than one million shillings per day for which a default is committed; suspending a business license; or suspension or removal from of office of any member of staff who causes or fails to comply.

The FIU or regulator in the fight against money laundering in Tanzania have an obligation before imposing an administrative sanction, to give the reporting person notice in writing of the nature of the alleged non-compliance of the intention to impose administrative sanction; and extent or particular of the intended administrative sanction. The reporting person may, in writing, within a period specified in the notice, but not later than five working days make representations as to why the administrative sanctions should not be imposed. The FIU or regulator when determining an appropriate administrative sanction, shall consider the nature, duration, seriousness and extent of the default, whether the reporting person has previously failed to comply with any written laws; and any remedial steps taken against by the reporting person to prevent a recurrence.

### **Some of the key terms:**

- *“beneficiary” means the natural, legal person or legal arrangement who is identified by the originator as the receiver of the requested electronic funds transfer;*



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- *“currency” means the coin and printed money, local or foreign, that is designated as legal tender and circulates as, and is customarily used and accepted as a medium of exchange in the country of issue;*
- *“currency transaction” includes any cash-based transaction involving deposit, withdrawal, exchange, payment or receipt of currency in Tanzanian Shillings or any foreign currency;*
- *“Domestic electronic funds transfer” refers to any electronic funds transfer where the ordering institution and beneficiary institution are located in the United Republic of Tanzania. It refers to any chain of electronic funds transfer that takes place entirely within the borders of the country, even though the system used to transfer the payment message may be located in another country;*
- *“International electronic funds transfer” means any outgoing or incoming international funds transfer carried out on behalf of an ordering or beneficiary customer through a reporting person by electronic means irrespective of whether the ordering customer and the beneficiary are the same person;*
- *“electronic funds transfer” refers to any domestic electronic funds transfer or international electronic funds transfer whichever is applicable;*
- *“financial institution” has the meaning ascribed to it under the Banking and Financial Institutions Act; “FIU” means an acronym for the Financial Intelligence Unit established under Section 4 of the Act;*
- *“Intermediary financial institution” refers to a financial institution in a serial or cover payment chain that receives and transmits an electronic funds transfer on behalf of the ordering institution and the beneficiary institution, or another intermediary institution;*
- *“International electronic funds transfer” refers to any electronic funds transfer where the ordering institution and beneficiary institution are located in different countries. This term also refers to any chain of electronic funds transfer in which at least one of the financial institutions involved is located in a different country; “ordering institution” means the reporting person which transfers funds on behalf of the ordering customer upon receiving the order for an electronic funds transfer; “ordering customer” means the natural or legal person that places the order with the ordering financial institution to perform the electronic funds transfer;*
- *“Originator” means ordering customer.*

To read a copy of the Regulations [click here](#).