

18 Sept 2020 – 1

FICA - PART 1

In terms of the Financial Intelligence Centre Act (FICA) each accountable institution (which includes attorneys and estate agents) has a reporting duty towards the Financial Intelligence Centre (FIC). They have to report any of the following:

1. Cash transactions above the prescribed limit
2. Property associated with terrorist and terrorist related activities
3. Suspicious and unusual transactions
4. Politically exposed persons

Over the next few weeks we will have a look at all of the above mentioned reporting responsibilities.

The first reporting function is dealt within this week's MC2agent.

1. Cash transactions above the prescribed limit:

The reporting of cash transactions above the prescribed limit aids the FIC centre in the prevention of money laundering.

When a transaction is concluded by a client by means of cash above the prescribed limit of R 25 000.00 an accountable institutions' reporting duty arises. It is important to take note that in this instance "cash" refers to coin and paper money.

Transfer of funds by way of an electronic fund transfer or any way of transferring money that does not include the physical transfer of notes or coins is not considered as a "cash" transaction.

If a transaction is partly a cash transaction, and the cash part exceeds the limit of R 25 000.00 the transaction needs to be reported.

The Financial Intelligence Centre has prescribed forms and guidance notes on their website for the reporting of any cash transactions.

<https://www.fic.gov.za/Compliance/Pages/Reporting.aspx>

Keep in mind that the mere fact that a client pays with cash and the transaction is reported to the FIC does not mean that the transaction will be stopped or that the purchaser will be in trouble.