

Reports on suspicious transactions and threshold declaration: filing procedures and content 3/6/21

Draft rules that significantly change the system for reporting suspicious transactions were announced at the meeting of state secretaries on 14 January 2021. This article explores the current reporting requirements and the proposed changes relating to the new goAML app.

The legislation currently requires persons to file reports on suspicious transactions and a threshold declaration for tax purposes with both the Financial Intelligence Unit ("FIU") and the State Revenue Service ("SRS"). According to the draft rules, goAML is a fully integrated software solution expected to cancel this parallel reporting and improve the functionality of the reporting system from 1 July 2021.

Who is required to report suspicious transactions?

The reporting obligation, which involves filing reports and threshold declarations, is imposed on persons that are subject to the Anti Money Laundering and Counter Terrorism and Proliferation Financing ("AML/CTPF") Act as listed in section 3 and on other persons under section 3.1 of the Act.

When must a threshold declaration be filed?

1) For cash transactions or cross-border payments:

- A customer makes a cash transaction for EUR 7,000 or more, other than cash paid into or withdrawn from the service provider's customer account with a credit institution or financial institution as part of cash logistics;
- A customer sends or receives a cross-border payment of EUR 500,000 or more.

2) For insurance entities and intermediaries to the extent they perform or provide life insurance or other insurance services that involve savings:

- the sum of insurance claims paid or the surrender value is EUR 100,000 or more.

3) Private pension funds:

- the additional pension capital paid is EUR 100,000 or more.

4) For companies and credit institutions doing foreign currency trades in cash:

- a transaction in which a customer buys or sells foreign currency in cash is EUR 5,000 or more.

5) For the organisers of lotteries and games of chance:

- a transaction for EUR 2,000 or more.

6) For persons dealing in art and antiques:

- a transaction for EUR 50,000 or more.

7) For public notaries:

- an heir has listed some non-registrable movables (including cash) valued over EUR 15,000 in the inventory valuation of assets to be inherited.

A declaration must be filed weekly for each specified transaction in the previous period, which runs from the date the previous threshold declaration was filed.

What details go into a report and into a threshold declaration?

- 1) Registration details of the report or threshold declaration (type, year, and date);
- 2) The EU single currency code;
- 3) Details of the person filing the report or threshold declaration (name, registration number, and country);
- 4) The indicator code according to classification values:
 - for a threshold declaration:
 - the threshold declaration's indicator according to the classification (code);
 - for a report:
 - information on a potential crime or crimes and at least one typology indicator;
 - a statement that the report has been filed on a suspicious transaction for tax purposes and should be sent to the SRS;
 - other indicators describing the report.
- 5) Information on parties to the transaction and on their related parties;
- 6) Account details for the person covered by the report or threshold declaration;
- 7) Transaction details, including the amount. If the transaction is made in foreign currency, the amount in the single EU currency and the exchange rate should also be stated;
- 8) The grounds for filing the report;
- 9) Information on any other types of funds, goods or services involved in the transaction;
- 10) The report and the threshold declaration must give information on at least one transaction or activity:
 - a transaction between two parties, naming the sender and the recipient of money;
 - a transaction that involves one or more parties, naming the parties to the transaction and their roles.

What is goAML and what is the format of the declaration?

The goAML app consists of two interlinked parts:

1. The user part is closed to outside users and ensures analysis of the information received;
2. The web part ensures receipt of messages (by uploading an XML file prepared earlier or by completing fields on the website) and exchange of information with business partners.

From 1 July 2021 <https://goAML.fid.gov.lv> is to replace the FIU's current website, with the goAML replacing the user part of the FIU's current database ("Register of Reports and Threshold Declarations"). On the goAML website the person subject to the AML/CTPF Act or another person or their delegated representative will apply for a system user account on the FIU website by completing an electronic request and adding a copy of documentary evidence of their authority to act for the subject or other person. A system user account will be activated once the information is verified and data exchanged with the Enterprise Registry.