



The Cash Restriction Section





Events leading to the Regulations

2018 National Risk
Assessment / Specific
Risk Assessments



In 2020,
Government Policy to
introduce a Cash
Restriction



Amendments to the
PMLA



The Cash Restriction Section

The Section is responsible for fulfilling one of the functions of the FIAU as stipulated in **Article 16(1)(m)** of the PMLA (Chapter 373 of the Laws of Malta).

(m) to monitor compliance with any restrictions on payments in cash which may be introduced from time to time under this Act; and



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In March 2021

The Use of Cash
Regulations (SL
373.04)
L.N. 81 of 2021



The Use of Cash (Restriction) Regulations

Objective of the Regulations

To **restrict cash payments** in those **sectors** of the economy **most susceptible** to be used for **money laundering** purposes and other criminal activity.

Although not all use of cash is criminal, all criminals use cash at some stage in the money laundering process – Europol Report

Regulation 10 (1) – Functions

To **monitor and ensure compliance** with these Regulations



The Use of Cash (Restriction) Regulations

Regulation 3 (1) - The Offence

Unlawful to carry out a transaction in cash **amounting to or exceeding €10,000**, whether in one transaction or in several linked transactions, in respect of the purchase or sale of:

- (a) antiques;
- (b) immovable property;
- (c) jewellery, precious metals, precious stones and pearls;
- (d) motor-vehicles;
- (e) sea-craft; and
- (f) works of art.



The Use of Cash (Restriction) Regulations

Definition of a 'linked transaction'

Two or more transactions which are:

- performed by the **same parties**
- having the **same or similar linked purpose** or purposes
- carried out within a **period of six months**



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Regulations (SL
373.04)
L.N. 81 of 2021



In November 2021,
minor amendments to
the regulations
L.N. 421 of 2021



The Use of Cash (Restriction) Regulations

Regulation 7 – Information on Immovable Property Transactions

- For every deed of purchase/sale of immovable property amounting to €10,000 or more, the **notary shall have an obligation to collect** from the parties:

Name – Address - Type & Number of official identification document issued by a government authority of the ***Buyer, Seller, and any Agents***

IBAN – if payment made through transfer of funds from a payment account

Card number & Issuing Institution – if payment made by a card

Cheque number & Issuing Institution – if payment made by cheque, bank draft or similar

Any other method/means of payment and exact amount paid – if payment made through other methods/means, including payments in kind

Documentation and information shall be kept for a period of ***5 years from the date of the transaction***

Regulation 13 – Administrative Penalties for non-compliance

Administrative penalty may be imposed if a Trader or Notary does not comply with any requirement of these Regulations.



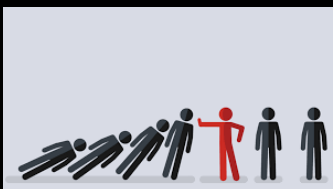
The Cash Restriction Section

Compliance and Enforcement Cycle of the Cash Restriction Section





Initiatives to monitor compliance



PREVENTION

- Legal Base
- Training & Guidance
- Education & Awareness



DETECTION

- Reporting platforms
- Risk Based Analysis

SANCTIONING

- Fine on conviction
- Administrative Settlement Agreement



INVESTIGATION

- Prioritisation
- Investigation
- Conclude if breach subsists





The Cash Restriction Section



Facebook Post – December 2021



The Cash Restriction Section

Online Ads – February 2022









The Cash Restriction Section

News Lovin Restaurants Environment Human Interest

Watch: It's Now Illegal To Spend €10,000 Cash On Luxury Goods In Malta

By Olivia Grech
March 7, 2022 at 3:32 pm

Share:     



The way cash transactions are made has changed. You can still use cash for various purchases, but big buys for specific items are a little different now.

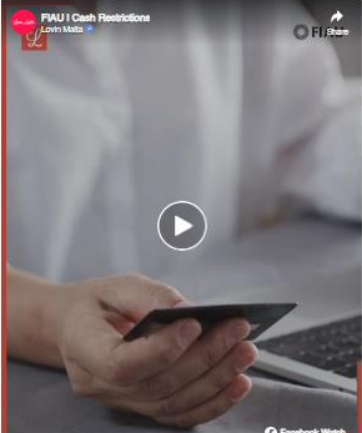
This law dictates that cash transactions on luxury goods over €10,000 are now illegal on our islands.

With various EU member states already having this law in effect with harsher restrictions, and the European Union in talks to transform this law into an international one, this is not something that was created specifically for the Maltese Islands.

This law helps to fight crimes, reduce the use of drug money, decrease the possibility of money laundering, and reduce tax evasion by creating an obstacle to large cash purchases.

Check out which items this law applies to below.

PIAU | Cash Restrictions
Lovin Malta



Facebook Watch

Affecting both buyers and sellers, any transaction exceeding €10,000 for the



LovinMalta Article & Video – March 2022



The Cash Restriction Section

Cash Transactions Of €10,000 And Over Made Illegal In Bid To Fight Money Laundering



By Ed Bonello

September 30, 2022 at 1:55 pm

Share:



Did you know that cash purchases of €10,000 or more for high value goods are now illegal in Malta?

OK, maybe you're not making it rain at the jewellery store, buying diamond tiaras on the daily, but here's some useful information that will keep you on the straight and narrow!

Malta has introduced a cap of €10,000 on cash transactions for the sale of property, motor-vehicles, seacrafts and other valuable items such as jewellery, paintings, and watches... you get the drift.



The cap is intended to limit the amount of cash exchanging hands – an easy method of money laundering preferred by criminals.

Money laundering has a very dark side and often comes from illegal activities such as organised crime and human trafficking.

The cap on cash transactions is the result of the Moneyval report which noted Malta had a significant "shadow economy". That's fancy talk to say undeclared, possibly shady business.

The international watchdog suggested Malta would do something about it, and here we are.

FIAU will be enforcing this new law, and you'd better pay attention, cause it comes with some serious penalties!

Anyone who breaches the cap will in fact be committing a criminal offence, and if found guilty, will be liable to a fine of not less than 40% of the amount paid or received in cash, in excess of €9,999.99. Yes, the law holds both sides of the transaction responsible!



The FIAU is currently setting up a new section with a team of officers specifically for this purpose.

The regulations empower the **FIAU** to ask anyone for information as may be required to ensure compliance. The FIAU has also been given the power to carry out on-site examinations for the same reasons.

Most EU member states already have a limit on cash payments ranging from as high as €15,000 in Croatia to as low as €500 in Greece.

Payments and other transactions of €10,000 or more can still be made by means of any other legitimate means of payment such as by cheque, banker's draft, electronic transfer, and credit cards.



The Cash Restriction Section

TVM*i*

Gadgets

27/11/2022



Gadgets Interview – November 2022



The Cash Restriction Section



**STAY LEGAL
GO CASHLESS**

Bus Campaign – July 2023



Initiatives to monitor compliance



PREVENTION

- Education & Awareness
- Training & Guidance
- Legal Base

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- Risk Based Analysis



DETECTION

- Prioritisation
- Investigation
- Conclude if breach subsists

INVESTIGATION



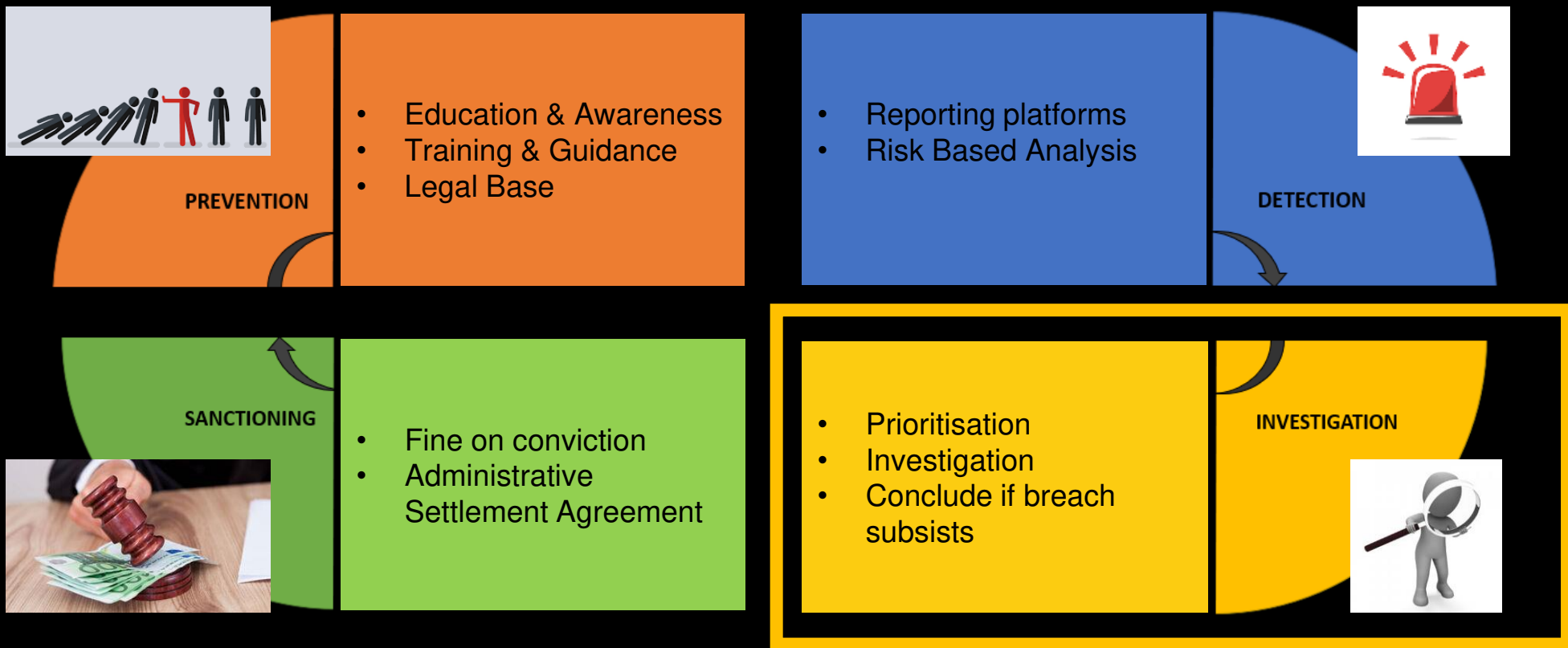
SANCTIONING

- Fine on conviction
- Administrative Settlement Agreement



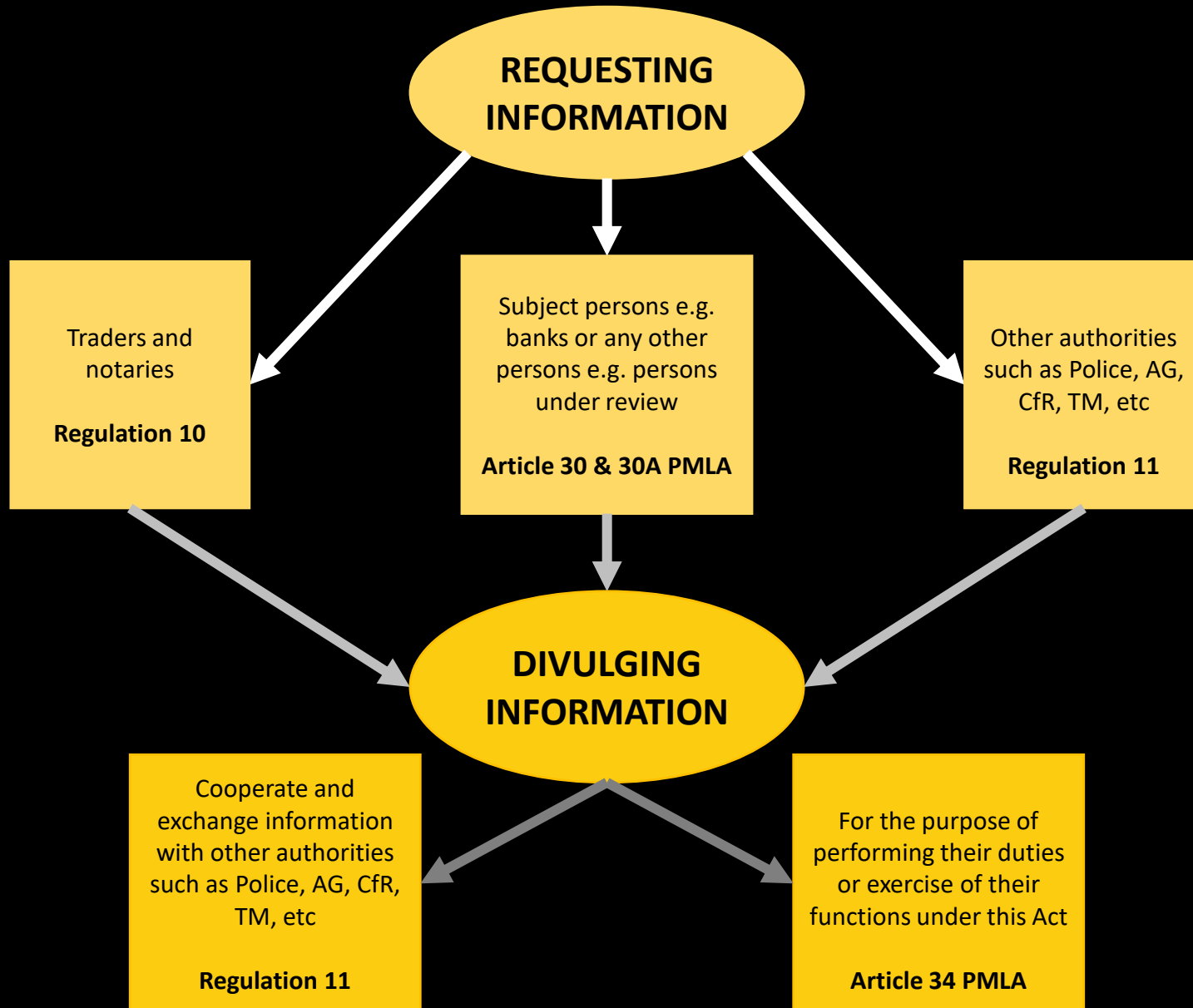


Initiatives to monitor compliance



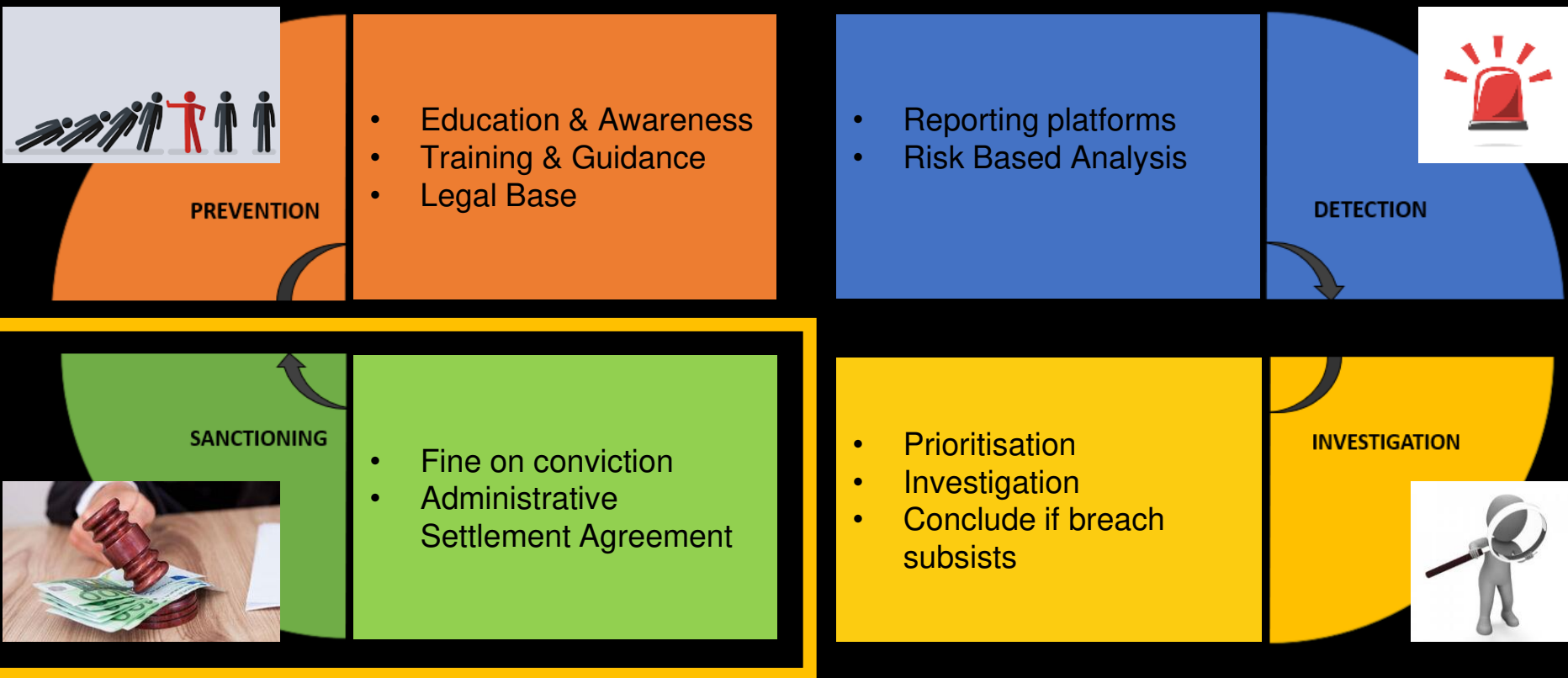


The Cash Restriction Section





Initiatives to monitor compliance





Sanctioning measures

Fine on conviction

Regulation 3 (2) Fine of not less than 40% of the sum paid in cash in excess of €10,000

Administrative Settlement Agreement [Out-of-Court Settlement]

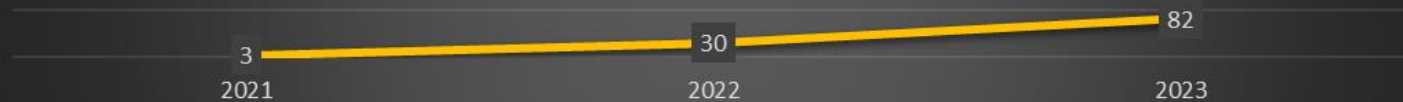
Regulation 5(1)(a) €10,000 up to €50,000 – 10% (minimum €1000)
Regulation 5(1)(b) €50,001 up to €100,000 – 25%

(Exceptions – Transactions in excess of €100,000 and if subject person was found guilty of breaching the Regulation within the last 3 years)

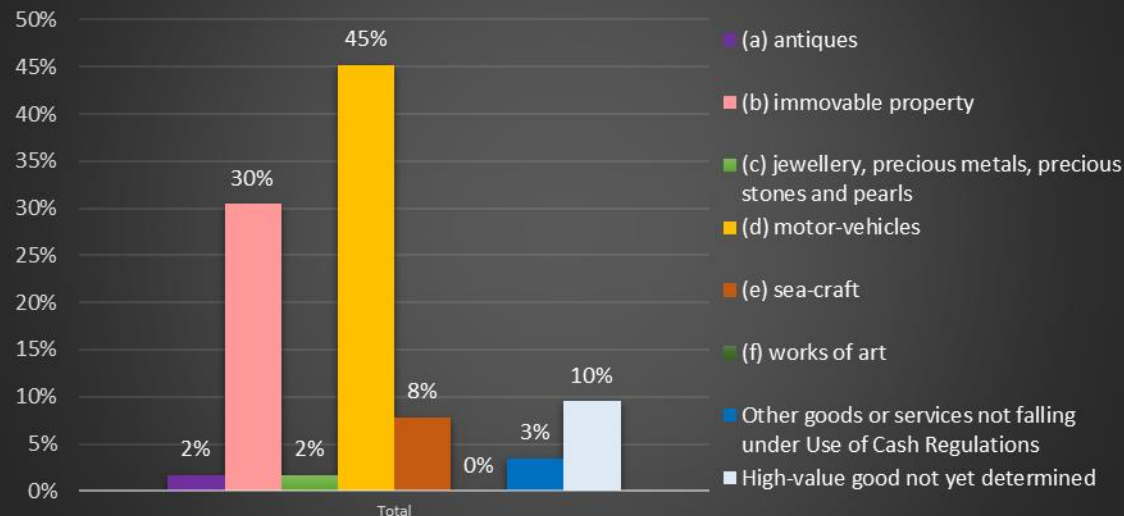


Statistical Information

No of Reports Received by Year

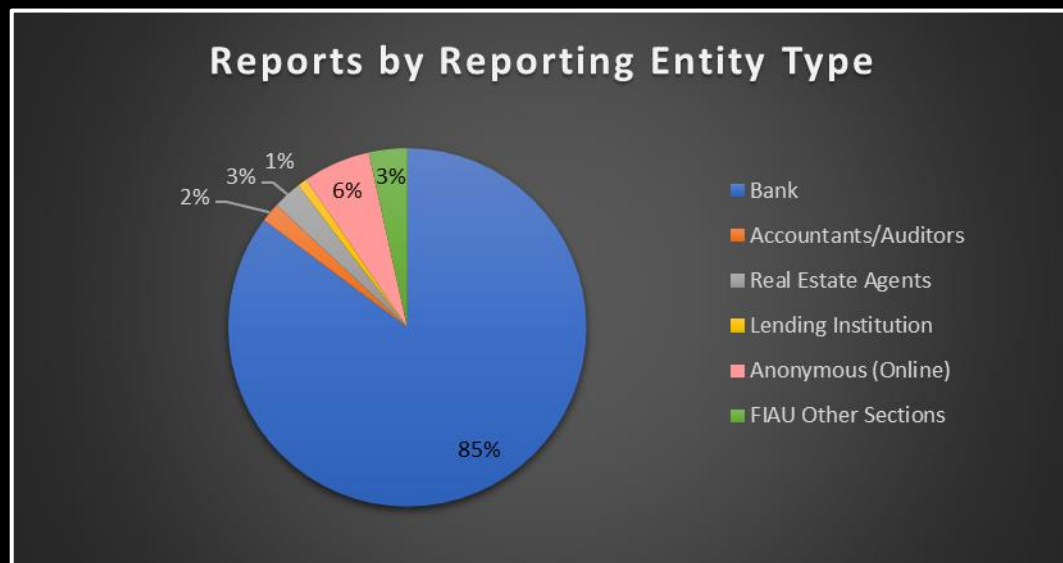


Reports by High-Value Goods





Statistical Information



110

RFIs to Banks

21

RFIs to National Authorities

14

RFIs to Parties Involved in the Transaction



Case Scenario 1

A Promise of Sale (POS) with respect to the transfer a garage for EUR120,000.

In the POS, the Notary noted that EUR50,000 were given to the seller before the date of the POS and that the balance was to be paid in instalments of EUR10,000 per year.

After signing the POS, the seller deposited a cheque of EUR40,000 in his bank account, in which he confirmed that these funds relate to the EUR50,000 in the POS.

The remaining EUR10,000 were deposited through the ATM by the seller in two transactions of EUR5,000 each.



Case Scenario 2

A Promise of Sale (POS) agreement was entered into between the buyer and the seller in relation to the sale of an apartment for EUR130,000.

On the contractor's/agent's sale of property form, the total consideration was listed at EUR150,000, whilst on the POS agreement, the total consideration stood at EUR 130,000.

The Cash Restriction Section obtained a document whereby the parties agreed that a total of EUR20,000 was paid in cash by the buyer.

Thank you!



<https://fiaumalta.org/cash-restriction/>