



Know Your Client (KYC) Guidelines for the PCMAAs

(As approved by the Council of the Institute in its 358th meeting)

The Institute of Cost Accountants of India advises its Practicing Members to mandatorily follow the prescribed Know Your Client (KYC) Guidelines before undertaking any professional assignment in order to monitor transactions of suspicious nature for the purpose of reporting the same to appropriate authority at the Institute/ Government.

These KYC guidelines have been developed in the context of the recommendations made by the Financial Action Task Force (FATF) on Anti Money Laundering (AML) Standards and on Combating Financing of Terrorism (CFT).

Background

The Central Government vide notification F. No. P-12011/12/2022- ES Cell-DOR dated 3rd May 2023 and F. No. P-12011/10/2023-ES Cell-DOR dated 9th May 2023 notified the financial transactions carried out by a relevant person on behalf of his client, in the course of his or her profession, in relation to the activities listed below, as an activity for the purposes of sub-clause (vi) of clause (sa) of sub-section (1) of section 2 of the Prevention of Money-Laundering Act, 2002 (15 of 2003)

- (i) buying and selling of any immovable property;*
- (ii) managing of client money, securities or other assets;*
- (iii) management of bank, savings or securities accounts;*
- (iv) organisation of contributions for the creation, operation or management of companies;*
- (v) creation, operation or management of companies, limited liability partnerships or trusts, and buying and selling of business entities,*

Explanation 1:-*For the purposes of this notification 'relevant person' includes –*

- (i) An individual who obtained a certificate of practice under section 6 of the Chartered Accountants Act, 1949 (38 of 1949) and practicing individually or through a firm, in whatever manner it has been constituted;*
- (ii) An individual who obtained a certificate of practice under section 6 of the Company Secretaries Act, 1980 (56 of 1980) and practicing individually or through a firm, in whatever manner it has been constituted;*
- (iii) An individual who has obtained a certificate of practice under section 6 of the Cost Accountants Act, 1959 (23 of 1959) and practicing individually or through a firm, in whatever manner it has been constituted.*

Explanation 2:-*For the purposes of this notification 'firm' shall have the same meaning assigned to it in sub-clause (i) of clause (23) of section 2 of the Income-tax Act, 1961 (43 of 1961).*

Explanation 3:-*For removal of doubts, it is clarified that the following activities shall not be regarded as activity for the purposes of sub-clause (vi) of clause (sa) of sub-section (1) of section 2 of the Act, namely:-*



- (a) any activity that is carried out as part of any agreement of lease, sub-lease, tenancy or any other agreement or arrangement for the use of land or building or any space and the consideration is subjected to deduction of income-tax as defined under section 194-I of Income-tax Act, 1961 (43 of 1961); or
- (b) any activity that is carried out by an employee on behalf of his employer in the course of or in relation to his employment; or
- (c) any activity that is carried out by an advocate, a chartered accountant, cost accountant or company secretary in practice, who is engaged in the formation of a company to the extent of filing a declaration as required under clause (b) of sub-section (1) of section 7 of Companies Act, 2013 (18 of 2013); or
- (d) any activity of a person which falls within the meaning of an intermediary as defined in clause (n) of sub-section (1) of section 2 of the Prevention of Money-laundering Act, 2002 (15 of 2003).

It is pertinent to mention here that the professionals (CMA, CA or CS) who carry out financial transactions on behalf of their clients, are now required to have a robust Know Your Client (KYC) system before undertaking any work on behalf of their clients. These Professionals are now considered as “reporting entities” under the Prevention of Money Laundering Act (PMLA) and can be held accountable for any dubious transactions handled / carried out on behalf of their client.

Know Your Client (KYC) Guidelines

In view of the above, the Institute of Cost Accountants of India (ICMAI), being a statutory body (SRB), in order to regulate the relevant persons (in terms of the clause (iii) of Explanation 1 above) that are qualified to enter and practise the CMA profession, hereby mandates that the Practicing Members of the Institute of Cost Accountants of India who are specifically involved in any of the above mentioned transactions / activities on behalf of their clients or who are undertaking any other assignment from any client, to have a robust mechanism in place for complying with KYC (Know Your Client) requirements prior to on boarding of clients as well as for carrying out re-KYC and continued due diligence (CDD) of existing clients in accordance with following guidelines issued by the Institute.

The objective of these KYC guidelines is to prevent PCMA's from being used, intentionally or unintentionally, by criminal elements for money laundering or terrorist financing activities. KYC guidelines also enable the PCMA's to know/understand their clients and their financial dealings better and manage their risks prudently.

The following KYC requirements are to be complied with by the PCMA's:

| Client Information (Individual Person) |
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| A. General Information |
| 1. Name of the Client: |
| 2. Address: (Attach proof) |



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| 3. Phone: |
| 4. Email: |
| 5. Aadhaar No. (Attach Copy): |
| 6. PAN (Attach Copy): |
| 7. Copy of the latest ITR |
| 8. Business Activity: |
| B. Information regarding the Proposed Assignment: |
| <p>I hereby confirm that the information placed in this statement is correct and complete to the best of my knowledge. I hereby assure to keep the (Name of the PCMA/ PCMA Firm) informed of any/all of the changes in the above mentioned details during the course of this engagement.</p> <p>Place: _____ Date: _____</p> <p>For</p> <p>Signature of client _____ Seal _____</p> |

| Client Information (Other than Individual Person) |
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| A. General Information |
| 1. Name of the Entity: |
| 2. Name of the contact person: |
| 3. Address: |
| 4. Registered office: (Attach proof) |
| 5. Corporate Office: |
| 6. Branch Office(s): |
| 7. Phone: |
| 8. Email: |
| 9. CIN: |
| 10. PAN: (Attach copy) |
| 11. Business Description: |
| B. Corporate Information |
| 1. Name of the Parent / Subsidiary Company |
| 2. Name of the Joint Ventures |
| 3. Name of the CEO / CFO |



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| 4. Name of Directors along with DIN |
| 5. Details of any legal / criminal proceedings pending or commenced against the entity or any of its KMP |
| 6. Copy of latest Audited Financial Statement |
| 7. Details of Significant Beneficial Owner holding more than 10% of Shareholding |
| 8. Name of Bank(s) of the Entity |
| <p>I hereby confirm that the information placed in this statement is correct and complete to the best of my knowledge. I hereby assure to keep the (Name of the PCMA/ PCMA Firm) informed of any/all of the changes in the above mentioned details during the course of this engagement.</p> <p>Place: _____ Date: _____</p> <p>For</p> <p>Signature of the authorised person on behalf of the entity Seal</p> |

PCMA's are required to maintain the KYC documents, relevant files and correspondence with the client for a period of 5 years after the assignment / transaction is over.

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Date: 28th March 2025