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| **No:** ON-000130-0002/2018 |
| Belgrade, 28 December 2018 |

Pursuant to Article 68 and 84 paragraph 1, item 3, of the Law on the Prevention of Money Laundering and the Financing of Terrorism (AML/CFT Law) (Official Gazette of the Republic of Serbia, 113/17) and Article 44, paragraph 1, of the Law on Public Administration (Official Gazette of the Republic of Serbia, 101/07), the acting director of the Administration for the Prevention of Money Laundering hereby passes the

**DIRECTIVE**

**ON PUBLISHING INDICATORS FOR IDENTIFYING SUSPICION ON MONEY LAUNDERING OR TERRORISM FINANCING**

An amended list of indicators for accountants to identify suspicious transactions is hereby published on the official webpage of the Administration for the Prevention of Money Laundering.

The above obliged entities are required to incorporate the Indicators that are an integral part of this Directive into the list of indicators they develop according to Article 69, paragraph 1 of the AML/CFT Law.

The obliged entities shall implement this list of Indicators from 15 January 2019.

1. A client has no employees, which is not consistent with the type and volume of its business.
2. A client shows significant interest in reporting transactions according to the Law on the Prevention of Money Laundering and Terrorism Financing.
3. A client gives information which seems suspicious or vague.
4. A client desires to assure the accountant that there is no need to fill in or provide some of the documents required.
5. A client often changes its accountants.
6. A client does not know where business documentation is kept.
7. A client invoices services for which it cannot be ascertained if they have actually been provided, and/or pays for a particular type of service to legal persons with the registered seat in offshore (tax havens).
8. A client conducts unusual or very complex transactions, especially in the beginning and in the end of a reporting period.
9. Unusual profitability of the client in comparison to other legal persons in the same industry.
10. A client requests the accountant to conduct a transaction for the client, but for and on behalf of the accountant, contrary to business practice.
11. A client terminates the contract in place with the accountant because the accountant requests additional explanations about the execution of certain transactions or transactions announced for the future.
12. Premature cash repayment of a credit or loan.
13. The client fails to provide an accounting document.
14. The accountant doubts the veracity of the accounting document, it doubts whether it is true or not or whether it shows a business change.
15. The accounting document provided does not contain all the data required for entering in the business books, and the client still insists that such a document be entered.
16. Large and sudden fluctuations in assets can be noticed in a client.
17. The client constantly operates with loss even though its existence is not endangered, while there are no justified reasons for this.
18. Unusually high costs for services provided by foreign suppliers are noticed in a client.
19. The client does not know its business well, based on which it can be concluded that it does not run it at all or it runs it to a very limited extent.
20. There are not evidence of any transactions, or such evidence is not satisfactory.
21. The client has recorded some individual transactions that are unusually high compared to other transactions.
22. The client pays for undefined services.
23. The client tells or admits to be implicated in illicit activities.
24. The client shows significant unexpected interest for mechanisms and ways of functioning of the AML/CFT system.
25. The client offers money, gifts or other unusual benefits as consideration for obviously unusual and dubious business.
26. The client knows suspicious transaction reporting rules very well.
27. The client starts him/herself claiming that the assets are ‘clean’ and not ‘laundered’.
28. The client encloses copies of personal IDs only.
29. The clients tries to conduct identification based on documents other than personal ID documents.
30. The client purchases unique policy insurance premiums pays them in cash or check, at an amount that is obviously disproportionate to its income.
31. The client terminates a contract with the business partner showing no concern over the significant tax or other costs due as the result of the termination.
32. The owner of the customer is a firm or individual registered in a tax haven, country through which drugs trafficking is done, or country where AML/CFT are is not legally regulated.
33. The ultimate beneficial owner of the client is a natural person who is a citizen of a tax haven, country through which drugs trafficking is done, or country where AML/CFT are is not legally regulated, whereas judging from its general operations one gets the impression that the beneficial owner is a domestic individual.
34. The invoices for selling and receipt of goods are not covered by the appropriate goods receipt or delivery notes or other documentation, which can lead to a conclusion that the trade in goods is fictitious.
35. The client receives loans and credits and the money received on that ground is immediately further given, in the same or similar amount, as loan or credit to other persons, or used to establish subsidiary legal entities.

Director, a.i.

Željko Radovanović