



PANA

Committee of Inquiry into Money laundering, tax avoidance and tax evasion

Delegation to Lisbon (Portugal)

22-23 June 2017



MISSION REPORT





1. PROGRAMME

Thursday 22 June

- 14h30 - 15h00** **Policy Briefing with Pedro Valente da Silva, Head of the Information Office of the European Parliament in Portugal and João Medeiros, European Semester Officer of the EC Representation in Portugal**
- 15h00 - 16h30** **Meeting with representatives of the parties in the parliamentary inquiry committee of Banco Espírito Santo (BES) and the working group on combating economic, financial and fiscal crime**
- **Duarte Pacheco** (PSD)
 - **Cecília Meireles** (CDS)
 - **Eurico Brilhante Dias** (PS)
- 17h00 - 18h00** **Meeting with:**
- **Mário Centeno**, Minister of Finance
 - **Helena Borges**, Director General of the Tax and Customs Authority
 - **Fernando Rocha Andrade**, Secretary of State of Tax Affairs
- 18h30 - 19h00** **Meeting with:**
- **Fernando Teixeira dos Santos**, Former Minister of Finance
 - **Sérgio Vasques**, Former Secretary of State of Tax Affairs
- 19h00 - 19h30** **Meeting with:**
- **Maria Luís Albuquerque**, Former Minister of Finance
 - **Paulo Nuncio**, Former Secretary of State of Tax Affairs

**Friday 23 June****09h30 - 11h00****Meeting with Banco de Portugal**

- **Elisa Ferreira**, Board member in charge of prudential supervision
- **Luís Máximo dos Santos**, Board member in charge of legal enforcement and money laundering matters
- **Luís Costa Ferreira**, Head of the Banking Prudential Supervision Department
- **João Raposo**, Head of the Legal Enforcement Department

11h00 - 11h45**Meeting with**

- **Micael Pereira**, journalist, EXPRESSO (ICIJ)
- **João Pedro Martins**, offshores researcher (Madeira)
- **Pedro Crisóstomo**, journalist, PÚBLICO

11h45 - 12h45**Meeting with**

- **Amadeu Guerra**, Deputy Attorney General, Director of the Central Department of Investigation and Criminal Action
- **José Ranito**, Senior prosecutor at the Central Department of Criminal Investigation and Penal Action
- **Tahmara Dias**, Senior prosecutor at the Central Department of Criminal Investigation and Penal Action

12h45 - 13h45**Meeting with**

- **Mariana Raimundo**, Director of the Financial Intelligence Unit

14h45 - 15h30**Meeting with**

- **João Paulo Batalha**, Executive Director of TIAC (Transparency International)
- **Susana Coroado**, Vice-Chair of TIAC



2. LIST OF PARTICIPANTS

MEMBERS

Werner Langen, Chair	PPE
José Manuel Fernandes	PPE
Nuno Melo	PPE
Hugues Bayet	S-D
Jeppe Kofod, co-rapporteur	S-D
Angel Dzhambazki	ECR
Petr Jezek, co-rapporteur	ALDE
Miguel Viegas	GUE
Heidi Hautala	Verts/ALE

ACCOMPANYING MEMBERS

Ana Gomes, Vice Chair	S-D
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3. KEYS MESSAGES

Key Messages:

- The GES/BES* case is an example of the problem of conflicts of interests in groups with both financial and non-financial companies because of a lot of obscurities surrounding the unreported transfers to offshore jurisdictions (2011- 2015).
- The opinions on Madeira's status and tax regime as an 'outermost region' are divided.
- Non-cooperative jurisdictions were identified as a key issue.
- There is a lack of transparency on financial transactions with non-cooperative jurisdictions and on determining who makes the list of non-cooperative countries.
- The questions why Panama was removed from the blacklist in 2010 under the Socrates government, remained unanswered.
- Objective criteria on when to add or take off a country from the blacklist are crucial.
- A grey list of offshore jurisdictions might be a good mechanism to monitor high-risk countries.
- There is a need to further work on the cooperation at EU level, i.e. exchange of information as well as on an international level.
- MPs underlined the need to further work on CCCTB and fight aggressive tax planning as well as continuing to work on AML and hybrid mismatches.
- A list of tax malpractices, and a list of non-cooperative jurisdictions at EU level are important.
- Via the 'Golden visas' residency visas are offered to foreigners, who invest in Portugal often through real estate investment, which could be used to launder money. MEPs confronted speakers with official data on 'Golden Visas', however, most speakers were not able to provide more information on this.
- The Portuguese FIU is about to start working with a new electronic tool that will allow to make an automatic treatment of all the reports and requests received. This tool, adopted also by several counterparts, will improve the results both internally and internationally.
- As a result of the Panama Papers, supervision by the Portuguese Central Bank on the banks increased.



* BACKGROUND NOTE

In September 2014, the Portuguese Parliament set up an inquiry committee to look into the collapse of Banco Espírito Santo (BES) as well as on related issues (reporting ect). BES was highly involved in the processing of the transfers to offshore jurisdictions and possibly money laundering. The Committee's mandate ended in May 2015.

Meeting with MPs Duarte Pacheco, Eurico Brilhante Dias and Cecília Meireles - key messages:

- MP Pacheco was part of the inquiry committee of Banco Espírito Santo (BES). MP Brilhante Dias is a member of the working group on combating economic, financial and fiscal crime. MP Meireles was part of the inquiry committee of BES and is now also a member of the working group on combating economic, financial and fiscal crime.
- MPs informed about the work of the inquiry committee on BES.
- The final BES resolution was supported by all parties (abstention from the left block).
- One of the problems of the BES case was that there was a fine dividing line between the bank (BES) and the group (GES) and the problems of the group caused problems to the bank. Transfers carried out through offshore accounts in various parts of the world were hidden from national supervisory bodies leading to problems of supervision and not enough transparency.
- The holding company (GES) had been hiding losses and the bank from the group (BES) would help hiding these losses. Furthermore there were transfers carried out to offshores that were also hidden from national supervisory bodies.
- In conclusion, the BES case was a criminal case and as thus a case for the police. It was not just bad management.
- MPs warned about the conflicts of interests between non-financial groups and financial groups.
- They informed that offshores are one way to circumvent the rules. They are used as a platform to hide transfers.
- According to the MPs there is a long list of non-cooperative jurisdictions and non-cooperation is the key issue. There are different manners in dealing with fiscally more attractive countries and non-cooperative jurisdictions.
- Moreover, the issue of offshores will only be resolved if the EU has its own list of tax malpractices and a tax havens list.
- They recommend that Panama should be on the blacklist of Portuguese offshores and that countries should not be taken from the list without objective criteria.
- Portugal has 87 jurisdictions on the blacklist (very high number) e.g. Spain only has 33.
- Concerning the unreported offshore transfers (2011- 2013), there were questions whether there have indeed been IT problems including on the side of the tax



administration to collect the information. There are a lot of obscurities about the transfers.

- They informed that there is a legal inquiry pending. (N.B. According to the Finance Inspectorate report that came out on Friday 23 June and which was received by the Secretariat, there have indeed been IT problems).
- MEPs asked about the supervisory role of the Bank of Portugal on the BES bank in the time where Portugal was under a severe scrutiny by the TROIKA (EC, ECB and IMF).
- MEPs questioned about the unreported transfers to offshores and who is behind the holding companies.
- MEPs informed that for transfers to offshores, Portuguese law requires all financial institutions to report (at latest by 31st July) on transfers made the previous year. On 31 July 2015 transfers amounted to 10 billion Euro (mostly during 2011-2013). Not all transfers were illegal.
- There was a failure in the reporting system. Transfer reports were handed in late (and some of them were corrected) and nobody could explain why there was a drop in transfers (80 percent). 20 declarations in statements filed by banks were made (thousands of transfers) but were never processed by the administration. Many unchecked transfers went to Panama.
- MEPs also asked about breaches of law in Portugal and why Portugal took Uruguay, Island of Man and Jersey off the blacklist (N.B. Jersey was linked to collapse of BES). How could this happen without the opinion of tax authorities?
- MEPs stated that they cannot understand why the criteria used to add/take off countries from the blacklist were not applied. MEPs informed that the Portuguese Government does not consider the criteria for taking off or adding countries to the blacklist legally binding and cumulative. Therefore they could take the 3 jurisdictions off the blacklist without the opinion of the tax authority.
- An increase in transparency at EU level and sincere cooperation is needed to avoid these transfers to offshore.

Meeting with the Minister of Finance Mario Centeno, Secretary of State of Tax Affairs Fernando Rocha Andrade and Director of the Tax and Customs Authority Helena Borges - key messages:

- The Minister of Finance, Mario Centeno, explained that tax authorities are acting with full diligence.
- Investigations on 165 residents of Portugal are ongoing since the panama Papers were released. Portugal can easily fall victim to circumvention of the rules.
- There is a need for further exchange of information, which can only be solved at EU level. According to the Secretary of State, Fernando Rocha Andrade, the exchange of information with third countries is more efficient than a blacklist.



- According to Helena Borges, the rising awareness of the public on aggressive tax planning schemes has a dissuasive effect.
- The Minister of Finance explained that an EU list of non-cooperative jurisdictions would be useful.
- Responding to questions of MEPs, Minister Centeno stated that Portugal is open to country-by-country-reporting.
- MEPs asked about the failure to publish statistics on transfers to offshore and wondered if the BES report - due to come out tomorrow - will be made public.
- Secretary of State Mr. Rocha Andrade explained that the mistakes were due to the IT-system and not intentional. The inquiry is ongoing. Minister Centeno informed that the report will be out tomorrow and will be handed to the Ministry and published afterwards. A copy of the report was provided to the PANA-committee.
- During the discussion the Secretary of State furthermore argued that the regime applied in Madeira is justified since Madeira is an outermost region.
- MEPs also asked why Uruguay and Jersey were taken off the blacklist and mentioned the issues of the Azores and Politically Exposed Persons (PEPs). Moreover, they raised the question of tax amnesties.

Meeting with the former Minister of Finance Fernando Teixeira dos Santos and the former Secretary of State of Tax Affairs Sérgio Vasques - key messages:

- The former Minister stressed that offshore jurisdictions should not exist and aggressive tax planning should be combatted.
- However, the distinction between legitimate and illegal use of offshore jurisdictions must be clear to preserve the reputation of those who, with legitimacy, use them for tax purposes allowed by national legislation.
- He underlined that the key for any successful initiative is international cooperation and that the automatic exchange of information is of high importance.
- When he was Minister of Finance the fight against tax evasion and tax fraud was an important priority of the Government's tax policy. Some initiatives focusing on this goal were the improvement of the IT platform for tax management and implementation of cross-checking information from different sources, a policy of pay-incentives for civil servants on the tax administration based on their success in detecting and resolving situations of fraud and evasion, a definition of a legal framework towards fighting against Aggressive Tax Planning (Decree-Law n.º 29/2008, of 25 February) and the celebration of double taxation conventions with several jurisdictions implementing mechanisms for information exchange.
- Concerning money laundering and financing of terrorism, legislation in Portugal are aligned with international recommendations.
- He raised the concern that some member states and other European jurisdictions play a similar role within the European Economic Area as offshore jurisdictions do.



- Portuguese companies move within the EU to get more favorable tax regimes (NL, AUT, MT, e.g.).
- The former Secretary of State explained that Portugal is now better prepared against international tax evasion. Reporting obligations towards the tax administration have been reinforced since 2009.
- Factors that hamper Portugal to fight tax evasion are the lack of capacity of the tax administration to have sufficient specialized trained staff.
- Some Members pointed out that they don't share the position that Madeira is an offshore.
- MEPs asked about tax amnesties to which the former Minister of Finance explained that tax amnesties were given out three times out of pragmatism. That can only be done in situations of necessity.
- Asked about the so called 'Liechtenstein' and 'Lagarde' lists, Teixeira dos Santos informed that he has never received these lists.
- Members furthermore asked about law enforcement and how the lack of (human) resources could be improved. Moreover, they inquired why Panama was taken off the blacklist and if the opinion from the tax authorities was requested for this. In addition, they questioned about measures taken to fight money laundering.
- Vasques explained that the tax justice system needs a higher degree of control. 'Naming and shaming' could be a way.
- He also informed that there are no information about transfers available on the website anymore.

Meeting with the former Minister of Finance Maria Luís Albuquerque and the former Secretary of State of Tax Affairs Paulo Nuncio - key messages:

- Albuquerque informed that in 2010, during the term of the former socialist Government, Portugal signed a Double Taxation Agreement (DTA) with Panama. At the same time, the authorities of both countries entered into a written commitment to withdraw Panama from the Portuguese tax havens list as soon as the DTT entered into force.
- The signature of DTT with tax havens has resulted from an international trend, which involved several countries, in order to extend the exchange of tax information agreements network with these countries or jurisdictions.
- This commitment with Panama (as other agreements with other tax havens) assumed the immediate withdrawal from the list of as soon as the respective DTT entered into force, but the former PSD/CDS Government decided it was necessary to further safeguard the interest of the Portuguese State by ensuring the effective exchange of tax information between the authorities of Panama and Portugal. Therefore the Government has adopted two important measures: an amendment to the General Tax Law to prevent mere political decisions on the withdrawal of jurisdictions from the



Portuguese tax havens list and the signing and adoption of several multilateral agreements on the exchange of tax information.

- If this shift on tax policy had not been implemented, Panama would have been excluded from the Portuguese list of tax havens in June 2012 (the entry date of the DTT) without any guaranties of an effective exchange of information with the Portuguese tax authorities.
- If Panama had been excluded from the list, the Portuguese authorities would no longer be able to apply the anti-avoidance rules and the special tax rates against this jurisdictions and the bank transfers from Portugal to Panama would no longer be audited, as such, by the Portuguese tax authorities.
- This shift on tax policy ensured that Panama remained on the Portuguese list of tax havens due to non-compliance with the Portuguese legal criteria.
- Panama was still a tax haven for Portuguese tax purposes when the Panama Papers surfaced in 2016.
- Nuncio informed that between 2011 and 2015 a comprehensive package of legal and operational measures against tax havens was approved and implemented.
- Some main measures include that the statute of limitation to assess taxes has been significantly extended from 4 to 12 years when there are tax events connected to tax havens, penalties for serious tax crimes have been increased and the legal possibility for the suspect to extinguish tax fraud criminal charges with the payment a posteriori of the taxes due was eliminated.
- Furthermore, the general anti-avoidance rule (GAAR) has been strengthened, allowing tax authorities to tax the total amount transferred to non-declared bank accounts in tax havens, tax rates on income paid to or received from tax havens have been increased to 35% and the CFC rules have been strengthened in order to tax the profits generated by the entities domiciled in tax havens at the level of the Portuguese shareholder or beneficial owner.
- Moreover, in 2014 Portugal signed, as an early adopter, the multilateral agreement on the automatic exchange of information about financial accounts (MCAA-CRS) and has entered into numerous bilateral tax exchange information agreements with third countries. In addition, 1000 new tax inspectors have been hired and the General Tax Law (GTL) has been amended in order to ensure that decisions to withdraw jurisdictions from the Portuguese tax havens list are grounded on solid technical reasons.
- MEPs asked about the vanishing of money related to BES, to which Albuquerque replied that she had no information on the transfers to BES, because of banking secrecy.
- Asked about the regime in Madeira, Albuquerque explained that Madeira is an international business centre with a special regime agreed under EU State Aid rules and not designed to function as an offshore. It is in a difficult geographical position, just like the Canary Islands. Nuncio added that regarding Madeira, the MEPs should talk to the current government. It is not an offshore/tax haven but an outermost region with special arrangement approved by COM, OECD and FATF.



- Moreover, Members asked why Panama was supposed to be taken off the blacklist and pointed out that Sérgio Vasques did not answer the question. They also questioned why 3 jurisdictions were taken from the blacklist against reasoned opinion of the tax authorities.
- Albuquerque stressed that countries should only be taken off the list if the criteria are fulfilled. Perhaps in the case of Uruguay the decision was taken too lightly. Nuncio added that before 2014 countries were taken off the blacklist on a political basis. After 2014 on the basis of objective legal criteria.
- MEPs furthermore asked whether they were aware of the transfers to offshore jurisdictions. They also asked about the tax amnesties (2012) and the so called 'Liechtenstein' and 'Lagarde' lists. Moreover, they asked if publishing the names of financial beneficiaries would be a good idea.
- According to Albuquerque publishing the names of financial beneficiaries could be counterproductive.
- Nuncio confirmed informed that the 'Lagarde' list was given to Portuguese tax authorities by French tax authorities.

Meeting with the Portuguese Central Bank (Bank of Portugal- Elisa Ferreira, Luis dos santos, Luis Costa Ferreira and Joao Raposo) - key messages:

- The Bank of Portugal informed that more effective systems for combating money-laundering are needed.
- They stressed the importance of preventive actions. The bank follows a preventive approach and has a preventive unit with 23 staff members having special training. It has a solid and robust system with multidisciplinary teams working on it.
- The Bank of Portugal supervises financial institutions. Banks need to report to the Bank of Portugal and on-site inspections are possible. Sanctions are part of the procedure. However, the bank has no investigative powers. This is reserved for the public prosecutor. Therefore, it has to pass on the information to the police and report suspicious transactions.
- If financial institutions do not fulfill their obligations, sanctions are possible as well as actions to ensure a follow-up. Between 2012 and 2016 the bank of Portugal carried out 62 on-site inspections and in 2016, Portugal filed 35 suspicious transactions and applied 106 special measures (in 2015 176 special measures were applied). The Bank of Portugal also issues recommendations to ensure the sector adopts best practices.
- Serious tax offences are included in the definition of predicate offences for money laundering.
- MEPs asked why Uruguay and Panama were taken off the blacklist.
- Furthermore, the bank informed that it has not been asked its opinion on the proposal to remove Panama from the blacklist. The Bank of Portugal informed that the institutions were requested in 2016 to inform the bank of Portugal on how they apply



their customer due diligence measures (in relation to offshore jurisdictions). In most of the cases (95%) information was delivered. Data needs to be passed on to the public prosecutor if needed. There are also cases like the BES case, not just money laundering or terrorist financing. Bank of Portugal reported many things to investigative authorities. BES was linked to jurisdictions in many different jurisdictions. It is important to work together with all of these. The bank imposed sanctions in five cases linked to BES.

- MEPs also inquired about the cooperation with Financial Intelligence Units (FIUs) and the number of suspicious transactions reports.
- According to the bank, the exchange of information could be improved, at national level but also at international level.
- Moreover, members asked about Bank of Portugal's resources and about on-site inspections.
- According to the bank, the quality of the staff as well as compliance are key.
- Regarding transfers to offshore, institutions have to send autonomous reports to the Tax Authorities and to the Bank of Portugal.
- Members also mentioned the problematic concerning PEPs from Angola and asked about tax amnesties and if there were any suspicious transactions involving PEPs in Mozambique. MEPs also asked about their opinion on the new Commission proposals regarding intermediaries and about efficient reporting.

Meeting with journalists and experts - Micael Pereira, Journalist, EXPRESSO (ICIJ), João Pedro Martins, offshore researcher (Madeira), Pedro Crisóstomo, journalist, PÚBLICO - key messages:

- Journalist Pereira informed that many offshore companies of one of the most important financial groups in Portugal, Grupo Espírito Santo, were created through Mossack Fonseca.
- According to Pereira, the Panama Papers are important as evidence for the corruption case of the Portuguese former prime-minister José Sócrates, who was allegedly bribed while in office with at least 12 million euros paid by the former biggest Portuguese banker, Ricardo [Espírito Santo] Salgado, who headed Grupo Espírito Santo and Banco Espírito Santo. The corruption money flux was justified by two forged contracts between two offshore companies, Pinsong and Markwell International. This case is currently investigated by the Prosecutor.
- Journalist Crisóstomo informed that unreported offshore transfers amount to a total of 16.9 billion between 2011 and 2014.
- Crisóstomo reported that Panama topped the list of "unknown" transactions.
- The expert talked about Madeira as a Portuguese offshore that allows bearer shares.
- Members inquired information on the BES case.



- The journalists explained that BES was involved in many businesses and used a subsidiary in Madeira as the principle source for passing bribes.
- Asked if Madeira is different from Cyprus, Malta, Luxembourg and the Canary Islands, they replied that the Free zone of Madeira is a tax haven in the list of the tax justice network. According to the journalists, by allowing bearer shares (which is not allowed in Malta) and also because of flexible transfer pricing rules, it is a 'nest' of corruption.
- The secret agreement to remove Panama from the blacklist was first published by the "Expresso" newspaper. Members asked Micael Pereira to comment on this. However, he had no information on the removal of Panama from the blacklist.

Meeting with Amadeu Guerra, Deputy Attorney General, Director of the Central Department of Investigation and Criminal Action and José Ranito and Tahamara Dias, senior prosecutors at the Central Department of Criminal Investigation and Penal Action - key messages:

- The Deputy prosecutor stressed that better judicial cooperation mechanisms needed to be created to facilitate the access to information and the obtaining cross-border sharing of evidence. There are currently problems with judicial cooperation at international level. Legislative measures need to be taken to effectively identify beneficial owners.
- Portugal is pursuing criminal investigations after the Panama Papers revelations. Eurojust is also involved and facilitates the coordination on the different Investigations.
- The Portuguese prosecutor works with the public prosecutor of Panama.
- Guerra did not want to comment on the question whether Madeira is an offshore. However, she did mention that if the international business center of Madeira is to be closed, the money would go to another place.
- Members asked whether, regarding the legal framework, there is a need for more deterrent tools. They furthermore inquired about obstacles faced when obtaining information on economic crimes inside and outside the EU e.g. information from Panama.
- Mr Guerra said that legislation on the seizing of assets and preventive custody are sufficient. However, to tackle financial flows of laundered money an effective cooperation at EU level is needed. Regarding cooperation with the FIU he noted it is important to respect deadlines. Guerra also informed that money coming in to Portugal through Angola is difficult to check. Mr Guerra mentioned that obtaining information from the UK was sometimes difficult.
- MEPs furthermore asked about the involvement of Eurojust and the transposition of the AMLD. They also asked what they are doing on an EU level to strengthen their role.
- Mr Guerra stressed that cooperation through Eurojust is a key tool for the EU countries.
- In addition, members questioned about the three countries that were taken of the blacklist. However, Guerra sees no problems with Uruguay, Island of Man and Jersey with regard to the exchange of information.

**Meeting with Mariana Raimundo, Director of the Financial Intelligence Unit - key messages:**

- Ms Raimundo informed that at this moment the human resources are 33 persons (20 investigators, 3 specialized members of the staff in statistics and English language, 7 supporting staff for the introduction of data in the system and support to the director and 3 members of Tax and Customs).
- Since 2009, the FIU works on an electronic basis meaning that all the reports are received electronically through an automatic and secure internet door or by email.
- This year the FIU started with an acquisition programme for a new electronic tool - goAML tool from UNODC, UN - that will allow to make an automatic treatment of all the reports and requests received. It will also allow to make strategic analysis directly from the existing data in the system.
- The goAML tool from the United Nations is being adopted by several counterparts of the EU and has a certain number of capabilities that will improve the results both internally and internationally.
- In 2016, 5885 suspicious transaction reports and 5348 threshold reports from all the sectors involved were received and analysed. As to suspicious transaction reports, this represents a growth of 36% compared to last year. As far as threshold reports are concerned, there was a reduction of 14%.
- In the financial sector, when compared with 2015, there was an increase of 6% in the number of suspicious reports, with a growth of 17% in the number of reports from credit institutions, 31% from providers of postal services and 22% from the Central Bank. On the contrary, there was a reduction of 11% in the number of reports from foreign exchange agencies and payment institutions.
- In the non-financial sector, compared with 2015, there was an increase of 8% in the number of suspicious reports, with a growth of 19% in the number of reports from registrars.
- As to other entities, the FIU received 526 suspicious transaction reports mainly originating from international requests for information.
- Since 1999, Portugal has been part of the Egmont Group. Furthermore, the FIU Portugal is part of FIUnet. However, cooperation among FIUs is not easy. In addition, judiciary and criminal cooperation procedures are slow.
- Ms Raimundo explained that the FIU does not work with criminal data. They analyse data communicated to them through suspicious transaction reports. They serve as intermediaries between public prosecutor and the police.
- She also informed that most of the information received comes from banks (not much from lawyers).
- The Portuguese FIU does cooperate with the FIU of Panama. It is however not the strongest relationship.



- The involvement of the Portuguese FIU in the Panama Paper cases is relatively small. There are primarily tax issues concerned.

Meeting with Transparency International Portuguese Chapter -Mr Joao Pedro Batalha and Ms Susana Croado - key messages:

- The experts from Transparency International are worried that in the current draft submitted by the Government on how to transpose the 4th AMLD some loopholes remain.
- There are only minimal and mostly ineffective controls in place for at-risk sectors such as real estate, luxury goods or the gambling sector. Portuguese Authorities do not have the means to identify the source of the funds that are invested.
- Furthermore, they informed that there is a lack of transparency on financial transactions with non-cooperative jurisdictions and on determining who makes the list of non-cooperative jurisdictions.
- They also explained that the access to information on beneficial ownership registries in Madeira is very poor.
- MEPs asked if the experts were in favor of a blacklist of offshore. They replied that they have no specific position on blacklists. However, it has to be taken into account that if a country is taken off the list, the country will be forgotten. Therefore, a grey list of countries that should be monitored might be a good approach.
- Furthermore, members asked about problems concerning Portugal's connection with Angola (money laundering and corruption) and conflicts of interests.
- The experts agreed that conflicts of interests and the lack of political will to change is a real problem in Portugal.
- There are sometimes cases of revolving doors (see Group of States against Corruption (GRECO) report of Council of Europe).
- Concerning Angola it is also often a question of political will. A lot of money is flowing in from there but Portugal sometimes closes its eyes due to colonial background difficulties and because the money seems to be entering as investments. Portugal is sometimes the back-office of Angola on corruption.
- MEPs questioned about the role of intermediaries in the Panama Papers and what the EU can do. Members also asked if the experts think that a seizure of assets might be more deterrent than a prison sentence.
- The experts explained that not everything with regard to the Panama Papers is illegal but rather not recommendable. It is difficult to define lawful and unlawful. Legislation still fails and there is a general lack of resources and staff.
- Portugal was focused on legislation and not on its implementation. If legislation is made obligations exist but in practice are not respected. The focus on implementation and enforcement is often missing. Moreover, Portugal does not evaluate policies.



- In addition, Portuguese tax authorities do not cooperate well together. Authorities have a lot of discretionary powers. The tax authorities also lack human resources to fully carry out their mission.
- The EU can help in the frame of the negotiations on the 4th AMLD (obligation for companies to register).

Draft report created by the secretariat of the PANA committee.