



Money laundering: MEPs vote to end anonymity of owners of companies and trusts

Committees Committee on Economic and Monetary Affairs, Committee on Civil Liberties, Justice and Home Affairs [20-02-2014 - 14:26]

The ultimate owners of companies and trusts would have to be listed in public registers in EU countries, under updated draft anti-money laundering rules approved by the Economic Affairs and the Justice and Home Affairs committees on Thursday. Casinos are included in the scope of the draft rules, but decisions to exclude other gambling services posing a low risk are left to member states.

"The outcome of this vote is a big step forward in the fight against tax evasion and a clear call for more transparency. With this vote Parliament has shown, from left to right, that it is in favour of public beneficial ownership registers, and thus sends a strong signal to the Council for forthcoming negotiations on the file. By approving the establishment of beneficial ownership registers, the committees have shown that they are serious in their demand to finally break with the tradition of hidden company ownership", said Civil Liberties Committee rapporteur Judith Sargentini (Greens/EFA, NL).

"For years, criminals in Europe have used the anonymity of offshore companies and accounts to hide their financial dealings. Creating an EU-wide register of beneficial ownership will help to lift the veil of secrecy from offshore accounts and greatly aid the fight against money laundering and blatant tax evasion", said Economic and Monetary Affairs Committee rapporteur Krišjānis Kariņš (EPP, LV). "Today is a good day for law-abiding citizens, but a lousy day for criminals", he added.

Public registers of beneficial owners - trusts included

Under the anti-money laundering directive (AMLD), as amended by MEPs, public central registers - which were not envisaged in the initial Commission proposal - would list information on the ultimate beneficial owners of all sorts of legal arrangements, including companies, foundations and trusts. "If we had decided to leave trusts, for example, out of the scope of this new legislation, then it would immediately have made them a perfect vehicle for criminals wishing to avoid taxation or launder their illegal money into the financial system", Ms Sargentini noted.

EU member states would have to make registers "publicly available following prior identification of the person wishing to access the information through basic online registration", MEPs say. They nonetheless inserted several provisions in the amended AMLD to protect data privacy and to ensure that only the minimum information necessary is put in the register. For example, registers would show who is behind a given trust, but would not reveal details of what is in it or what it is for.

Who and what?

The draft rules would apply to banks and financial institutions, and also to auditors, lawyers, accountants, notaries, tax advisors, asset managers, trusts and real estate agents.

If done intentionally, activities such as converting property, or disguising its true nature, source and ownership, whether in a member state or in the third country, would be treated as money laundering. The same would apply to taking part in or facilitating these activities.

Gambling services are also included in the AMLD's the scope, but - with the exception of casinos - MEPs leave it up to member states to decide whether to exclude gambling activities that do not pose a threat of money laundering.

List according to risk

Press release

Where there is a little risk of wrongdoing, due to the limited nature of a financial activity and its low threshold, member states could exclude some activities and people from the scope of the draft law. However, they may also extend its scope to cover cases where there is a high risk of money laundering. Where member states do identify high risks, they should examine the background and purpose of all complex and unusual transactions.

The draft rules aim to curb recklessness in establishing business relationships by identifying the customer on the basis of information and documents obtained from a reliable source. Occasional transactions, carried out in a single operation or several that are linked, should be checked when they amount to €15,000 or more. For goods paid for in cash, the threshold would be €7,500 or more. Casinos should be vigilant about transactions of €2,000 or more, MEPs added.

Politically-exposed persons

The committees also clarified provisions on "politically-exposed persons", i.e. people at a higher than usual risk of corruption due to the political positions they hold. The amended AMLD includes "domestic" politically-exposed persons (i.e. those who are or have been entrusted by a member state with a prominent public function), as well as "foreign" politically-exposed persons and those in international organisations. Heads of state, members of government, members of parliaments or "similar legislative bodies", and supreme court judges are among those included.

The AMLD's key provisions for fighting money laundering and terrorist financing are supplemented by the Transfer of Funds Regulation, voted in the committees last Thursday, which aims to improve the traceability of payers and payees and their assets. The UN estimates that money laundered globally in one year amounts to 2-5% of global GDP.

Next steps

The committees' amendments are to be put to a vote by Parliament as a whole in March. The new Parliament to be elected in May will begin negotiating the legislation with the European Commission and the Council of Ministers, which will be chaired by Italy, in the second half of this year.

Result of the committee vote on the legislative resolution: 45 votes to 1, with 1 abstention

In the chair: Kinga GÖNCZ (S&D, HU) and Sharon BOWLES (ALDE, UK)

Anti-#MoneyLaundering #funds

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