



Anti-Money Laundering: recent update

The fifth and latest update to the EU's Anti-money laundering Directive

The 4th Anti-Money Laundering directive entered into force on 26 June 2017. Each member state should by now have transposed the directive into their national law.

The reforms giving citizens the right to access information on the beneficial owners of firms which operate in the EU, could help quash the corrupt use of letterbox companies created to launder money, hide wealth and avoid paying taxes - a practice which received widespread attention in the wake of the Panama Papers.

An additional measure would also open up data on beneficial owners of trusts and similar arrangements to those who can demonstrate a "legitimate interest". This would make information on trusts available to investigative journalists and non-governmental organisations (NGOs). Member states will also retain the right to provide broader access to information, in accordance with their national law.

The new measures also address risks linked to prepaid cards and virtual currencies. In a bid to end the anonymity associated with virtual currencies, virtual currency exchange platforms and custodian wallet providers will, like banks, have to apply customer due diligence controls, including customer verification requirements.

These platforms and providers will also have to be registered, as will currency exchanges and cheque cashing offices, and trust or company services providers.

Other measures agreed as part of the update include: a reduction in the threshold for identifying the holders of prepaid cards from currently €250 to €150; tougher criteria for assessing whether non-EU countries pose an increased risk of money laundering and closer scrutiny of transactions involving nationals from risky countries (including the possibility of sanctions); protection for whistleblowers who report money laundering (including the right to anonymity); an extension of the Directive to cover all forms of tax advisory services, letting agents, art dealers, as well as electronic wallet providers and virtual currency exchange service providers.

UBOs will have to consider the local laws which transposes the directive, since the local laws may deviate from the directive.

UBOs will also have to deal with the potential conflicting picture that emerges from reports under this directive, the Common Reporting Standards/ Automatic Exchange of Information reports and the data contained in their tax return filed with their local tax authorities.

If you are in doubt, please contact us!

Source: www.europarl.europa.eu

PLEASE FEEL FREE TO CONTACT US WITH ANY QUESTIONS OR QUERIES.

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