

## MEPs call for creation of anti-money laundering watchdog

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News

MEPs have called for the creation of a new EU anti-money laundering watchdog and a European financial police force.



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Both are included in a set of recommendations approved by Parliament's special tax committee.

The package was described as a "detailed roadmap towards fairer and more effective taxation and tackling financial crimes."

The recommendations, adopted by the Special Committee on Financial Crimes, Tax Evasion and Tax Avoidance, range from overhauling the system for dealing with financial crimes, tax evasion and tax avoidance, notably by thoroughly improving cooperation in all areas between the multitude of authorities involved, to setting up new bodies at the EU and global level.

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Whistleblowers and investigative journalists must, said the committee, be much better protected and the US reward system for whistleblowers could be replicated in the EU.

The committee also said “Malta and Slovakia must do everything they can to identify the instigators behind the murders of two investigative journalists.”

Seven EU countries (Belgium, Cyprus, Hungary, Ireland, Luxembourg, Malta and the Netherlands) “display traits of a tax haven and facilitate aggressive tax planning,” according to the committee, which also said that “golden visas and passports are problematic and should be phased out.”

The report was adopted with 34 votes to 4 and 3 abstentions. It will now be passed on to the plenary for approval during the second session of March (25 - 28) in Strasbourg.

"Europe has a serious money laundering and tax fraud problem. We have the world's largest, richest and most integrated single market with free movement of capital, but little to no effective cross-border supervision and 28 differing national anti-money laundering and anti-tax fraud provisions" **Jeppe Kofod**

Reaction to the vote was swift, with committee chair Petr Ježek (ALDE, CZ) saying, “The considerable amount of work achieved by this committee over its twelve-month mandate has shed light on unprecedented issues affecting the banking and financial sectors. The investigations and hearings have helped us draft stronger recommendations, notably on the need to enforce EU AML/CFT legislation better, stricter banking supervision, and enhanced information exchange among FIUs and tax authorities. It is now crucial to maintain pressure for the implementation of our recommendations to the governments and the relevant actors.”

Further comment came from the co-rapporteur on the file, Ludek Niedermayer (EPP, CZ), who said: “Recent money laundering cases have shown that we urgently need existing AML rules to be better enforced, dissuasive sanctions and a push for improved cooperation and coordination of relevant authorities within and between Member States as well as an active partnership with the private sector.”

"The Committee calls on the EU to lead the global debate on finding a solution to taxing the digitalised economy and ensuring efficient, transparent and fair tax regimes, while maintaining fair and transparent tax competition."

His fellow co-rapporteur Jeppe Kofod, (S&D, DK), said: “Europe has a serious money laundering and tax fraud problem. We have the world’s largest, richest and most integrated single market with free movement of capital, but little to no effective cross-border supervision and 28 differing national anti-money laundering and anti-tax fraud provisions.”

Kofod added, “This creates a string of loopholes, which are far too easy for criminals to abuse to launder vast amounts of money as in the Danske Bank-scandal, or design highly profitable tax theft schemes like CumEx. We need tougher EU-level regulation, harsh sanctions on banks facilitating financial crimes, and a new European financial police within Europol.”

In response, Rachel Owens, Head of EU Advocacy at Global Witness said: “With the European Parliament’s cross-party committee voting overwhelmingly to condemn the sale of European passports and visas, they join the Commission in recognising the risk of these schemes granting EU-wide safe haven to the corrupt. It is now time for the Commission and Member States to suspend the sale of golden visas until they can prove they will no longer expose EU citizens to criminality.”

Owens went on, “This clear consensus should focus minds ahead of EU elections, and make sure Europe is not longer courting such huge security and corruption risks.”

The committee was set up last March following continued revelations over the last five years, including Luxleaks, the Panama Papers, Football leaks and the Paradise papers.

The report adopted on Wednesday concludes the committee’s year-long mandate, which saw it hold 18 hearings dealing with particular topics of interest, 10 exchange of views with finance ministers and European Commissioners, and four fact-finding missions - to the US, the Isle of Man, Denmark, Estonia, and Latvia.

## About the author

Martin Banks is a senior reporter at The Parliament Magazine

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