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Federal cabinet approves new rules as part of the fight against money laundering and financing of terrorism

On 22 February 2017 the federal government approved a draft bill to implement both the fourth EU money laundering directive and the EU regulation on the transfer of funds as well as to reorganise the Central Financial Transactions Investigation Agency. The intention is to update and strengthen measures developed to prevent money laundering and the financing of terrorism.

The Central Financial Transactions Investigation Agency (“Zentralstelle für Finanztransaktionsuntersuchungen” – “FIU”) will be restructured and will obtain more staff

Previously the FIU was known as the Central Authority for Suspect Reporting (“Zentralamt für Verdachtsmeldungen”) at the Federal Police Department within the Ministry of the Interior. It will now be transferred to the General Customs Directorate, i.e. within the Ministry of Finance. Furthermore its responsibilities and competencies will be revised according to the provisions of the fourth EU directive on money laundering. One area of focus will lie in operative and strategic analysis.

In addition the FIU should, for the first time, have a filter function, the aim of which is to reduce the burden on the prosecution authorities. In future only credible suspicions should be passed on to the prosecutor.

Draft bill lays the foundations for a central electronic transparency register

This is intended to disclose information on the beneficial owners of an enterprise. The aim being more transparency and thus to hinder the abusive use of companies and trusts for the purpose of money laundering and offences underlying it, such as tax evasion and the financing of terrorism. The bureaucracy for businesses should however be kept at a minimum by the utilising information on any interests held already available in existing registers, such as the commercial register.

Penalty levels to be significantly increased

Penalties for serious, repeated and systematic offending are to be significantly increased to secure compliance with the money laundering regulations. Furthermore, in future the authorities will publish all penalty notices, which can no longer be disputed, on their website.

Keywords

Geldwäschebekämpfung / Anti Money Laundering (AML), International Tax