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Commission Adopts New Anti-Money Laundering Risk Assessment Reports

The European Commission has adopted [four reports concerning the monitoring and implementation of EU anti-money laundering](#) and countering terrorism financing rules. The reports include: the 2019 Supranational Risk Assessment report; a Financial Intelligence Units assessment report; an assessment report of recent money laundering cases involving EU credit institutions; and a report on the interconnection of central bank account registries.

Notably, the updated 2019 Supranational Risk Assessment report categorises the risk of tax advisers and accountants' services being used in money laundering as "significant", and identifies that despite being well organised, there are weaknesses in the manner in which checks are carried out and risk is managed by the profession. The Assessment recommends the Commission carry out transposition checks concerning the AML Directives on Member States, and that Member States ensure obliged entities are compliant with the requirements of the Directives, as well as issue guidance concerning the topics of risk factors involving accountants and how to interpret and apply legal privilege.

The reports will inform further debate and action taken by the Commission, including concerning obligations for financial institutions and supervisory bodies.



OECD Releases Progress Report on Preferential Tax Regimes

On 23 July, the OECD released a [progress report](#) approved by the Inclusive Framework on BEPS, as part of implementation of Action 5 of the OECD/G20 Base Erosion and Profit Shifting Project, concerning assessments undertaken by the Forum on Harmful Tax Practices (FHTP) of 56 preferential tax regimes.

From the regimes, 13 were abolished, one was found to be actually harmful, four regimes were specifically designed to meet the BEPS Action 5 standard and therefore classified as "not harmful", three regimes have been amended to remove harmful features, four are in the process of being amended, two were found potentially but not actually harmful, one regime was found to be not operational, and a 21 further regimes have now been placed

into the FHTP review process. The eight remaining regimes were out of scope, not yet operational, already abolished or did not feature harmful features.

The Forum on Harmful Tax Practices has reviewed 287 regimes since the commencement of the BEPS Project. The Forum next meets in December 2019 to continue its review of the regimes and in 2020 will begin reviewing the implementation of recommendations.



European Commission July Infringement Package: Germany and Belgium Referred to ECJ

The European Commission has published its [July infringement package](#) that identifies areas where Member states have failed to comply with EU law obligations. In the area of taxation, the Commission referred Germany and Belgium to the Court of Justice. In addition to the Court referrals, the European Commission issued reasoned opinions to Italy, Cyprus and Denmark, and sent letters of formal notice to Ireland and Austria.

The Commission issued letters of formal notice to Ireland and Austria for failing to implement interest limitation rules as required under the EU Anti-Tax Avoidance Directives. The countries have two months to comply before reasoned opinions will be issued. Denmark was also issued with a reasoned opinion for failing to implement controlled foreign company rules required by ATAD, and has two months to comply, following which time the Commission may refer Denmark to the Court of Justice. Also concerning ATAD, infringement proceedings were closed against Belgium, Cyprus, Czechia, France, Greece, Portugal and the United Kingdom following their communication of successful implementation to the Commission.

The Commission referred Belgium to the Court of Justice for failing to properly implement rules concerning the calculation of rental income on property abroad, and in the case of Germany for incorrectly applying the EU VAT flat-rate scheme for farmers which the Commission argues has led to major distortion of competition in the internal market.

Reasoned opinions were also issued to Italy and Cyprus concerning failures to levy the correct amount of VAT on leasing yachts, and the Commission additionally referred Italy to the Court of Justice for failing to take action concerning illegal fuel exemptions for yachts chartered in EU waters.



UK to Introduce Plastic Tax by 2022

Following a consultation in February 2019 concerning the imposition of a tax on non-recycled plastic, a [summary document](#) of the responses has now been published by the UK's revenue authority, Her Majesty's Revenue & Customs.

The government intends for the tax to serve as an incentive for businesses to use recycled material in the production of plastic packaging and create demand for recycled plastic and increased recycling of plastic. The summary set out that *“many respondents agreed with the initial proposals in the consultation document on many elements of the tax design, including: definitions of plastic, packaging and recycled content; setting a flat rate per tonne*

of plastic packaging; charging the tax domestically at the point of production; how to treat exports; and proposals for registration, reporting requirements and ensuring compliance.”

The next steps concerning imposition of the tax will be detailed in the UK’s 2019 Budget. A consultation on the technical detail of the tax will take place thereafter, with draft legislation intended to be published for consultation in 2020.



Reminder: 12th European Conference on Tax Advisers’ Professional Affairs on AML Directives

The [12th European Conference on Tax Advisers’ Professional Affairs](#) will be held in Paris on Friday, 29 November 2019, on the topic of “Tax Transparency Trends: Are Tax Advisers Ready for the New EU Anti-Money Laundering Rules?”

The conference will examine the impact of existing EU anti-money laundering rules and the new requirements of the 5th AML Directive, including making beneficial owners of legal entities registers public, providing increased access to information on the beneficial ownership of trusts and the expansion of AML rules to entities which store, hold or transfer virtual currencies. Speakers will also discuss enhanced cooperation and exchanges of information provided for between the EU and Member States under the 5th AML Directive. In addition, panellists will discuss compliance with and implementation of the measures in practice and the information available to supervisory bodies to facilitate their obligations under the Directive. More details about the programme and line-up of speakers will be available in due course.

[Register now](#) to benefit from early-bird registration prices and to secure your spot!



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