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A step forward on money-laundering, but Commission needs to be bolder

After the Panama Papers revelations, the European Commission needs to show it is ready to take strong action on tax evasion and avoidance. Their newly published anti-money laundering package goes some way towards achieving that. But with up to €1 trillion lost from the real economy each year, they need to be much bolder.

The 2016 Eurobarometer survey found that fighting tax evasion and combating terrorism are two of the main priorities for EU citizens. One important step towards achieving these ambitions would be curbing money-laundering, the practice through which the proceeds of illegal activity such as tax evasion, corruption, and drug trafficking are hidden. If the EU can crack down on money-laundering, these crimes will become much easier to spot and prevent. So what has the Commission proposed in its new anti-money laundering package?

Their package consists of several elements, the first of which sets out their general response to the Panama Papers. This recaps some of the measures already taken, introduces the other measures announced and - most importantly - sets out their plans for future activity. These plans include proposals that could be presented in the next six months to increase oversight of those facilitating tax dodging, and to ensure tax administrations receive from their counterparts in other countries crucial information on who owns and controls companies or trusts. We would like to see these measures introduced urgently.

More disappointing is the Commission's stance on whistleblowing. As the verdict in the Luxembourg Leaks trial demonstrates, even award-winning whistleblowers can face criminal prosecution - some reward for publicising political and corporate collusion in tax dodging. The Commission proposes nothing beyond monitoring national legislation. This is not good enough, and we will continue to call for legislation for their protection.

The second part of the package is a proposal for a revised Anti-Money Laundering Directive. This has been in the pipeline for some time, originally with the intention of revising elements relating to terrorism. In the aftermath of the Panama revelations, the remit widened to include additional measures on tax and transparency. Of the changes included, the most welcome is the creation of a public register of beneficial owners for companies and business-type trusts. This should put an end to shell companies used to dodge taxes because citizens will be able to access information on who are the persons behind each company created. The European Parliament has been calling for this since 2014, so it's good to see the Commission finally catching up. By making sure that we know who the person(s) behind companies are, we will be much better placed to make sure that tax is being appropriately paid.

However, ensuring these powers are implemented will be critical. As the Panama Papers demonstrated, banks and intermediaries have found ways to circumvent money-laundering obligations in the past. As it stands, the proposals lack the necessary enforcement measures to make sure the rules are implemented and have a deterrent effect.

Overall, we can welcome that three months after the Panama Papers, the Commission has taken some positive steps forward on the issues of tax evasion and money laundering. But to respond with the boldness and urgency that citizens expect, Member States and the European Parliament will have to go further. The Greens in the European Parliament have been pushing for more urgent and radical reforms and our MEP Judith Sargentini has just been appointed co-rapporteur for the revision of the Anti-Money Laundering directive so we'll make sure they listen.

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