



LINARI LAW FIRM

AVOCATS A LA COUR

CSSF AML/CFT thematic review: Supervised entities still have room for improvement

This Tuesday the CSSF published the findings of its thematic review carried out in November and December 2021 in relation to the AML/CFT controls applied in terms of preventing tax offences. The review was conducted following the introduction of the law of 23 December 2016 which extended the scope of the money laundering offence to encompass aggravated tax fraud (*fraude fiscale aggravée*) and tax evasion (*escroquerie fiscale*), hence obliging professionals subject to anti-money laundering laws are obliged to take consider these new predicate tax crimes in their professional activities.

Within the scope of the thematic review the CSSF evaluated five Luxembourg investment management



companies (IMFs) and concluded that the IFMs' overall understanding of the risks associated with predicate tax crimes was satisfactory, albeit there is still room for improvement in several areas.

First, the review revealed weaknesses with regard to the IFMs' risk assessment, suggesting that participants should ensure that their risk assessment covers all relevant tax specific indicators concerning their collective investment activities as set out in the Circular CSSF 20/744.

Second, the CSSF has identified certain shortcomings in the IFMs' control functions environment urging market participants to ensure, among others, that tax matters are included on a risk-based approach in the compliance monitoring plan as well in the internal audit works.

Third, the assessment identified certain shortcomings in relation to tax calculation, filing and reporting, so that the CSSF reminded market participants to diligently comply with their tax compliance obligations and to adequately monitor entities to whom performance of such obligations is delegated.

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