

On January 12, 2021, the Council of Ministers adopted a draft law amending the Law on Prevention of Money Laundering and Financing of Terrorism and certain other acts, which was submitted by the Minister of Finance, Funds and Regional Policy (the “Draft”).

The Draft aims to implement EU legislation preventing the use of the financial system for money laundering and terrorism financing. It is hoped this will increase the transparency of information on financial flows and, as a result, strengthen the position of authorities that focus on the detection of funds from criminal activity or used to finance terrorist activities.

Key Changes Resulting From the Draft

The amendment clarifies the entities with additional responsibilities under the Law on Prevention of Money Laundering and Financing of Terrorism, regardless of their activity. This includes **adding to the list entrepreneurs who engage in the following activities:**

- Trading or acting as intermediary in the trading of works of art, collectors' items and antiques
- Storing, trading or acting as intermediary in the trading of the above goods – this applies to transactions with a value equal to or exceeding the equivalent of €10,000, regardless of whether the transaction is carried out as a single operation or as a series of operations that appear to be linked

Imposing requirements to such scope of business activity is the result of reports by various international organizations dealing with money laundering and terrorism financing. These reports indicate that works of art, antiques and collectibles are commonly used in money laundering and terrorism financing.

The planned changes also include:

- Clarification of the principle of storing documents and information obtained as a result of applying financial security measures by relevant institutions
- Extension of the scope of statistics gathered by the General Inspector for Financial Information (GIIF) and clarification of the rules of providing information by the GIIF to domestic and foreign authorities

Data Verification Mechanisms in the Central Register of Beneficiaries

The Draft also **extends the list of entities obliged to report information on beneficiaries** to trusts, partnerships, European economic interest groups, European companies, cooperatives, European cooperatives, associations subject to registration in the National Court Register, foundations and entities providing currency exchange services between virtual currencies and virtual currency account providers. The planned amendments do not apply to branches of foreign entrepreneurs located in Poland.

The Draft introduces new **mechanisms for verifying data contained in the Central Register of Beneficiaries (CRBR)**, in particular the obligation of responsible institutions to record any discrepancies between the established facts and data available in the CRBR. In case of non-compliance, the institution that performed the analysis will have the opportunity to provide this information to the superior authority in order **to initiate an investigation as to whether the information collected in the CRBR is correct and current**. In addition to the financial penalty of PLN1,000,000 for failure to report information on real beneficiaries and their updates, the Draft introduces an additional financial sanction. The actual beneficiary may be fined PLN50,000 for failure to provide necessary and current information to the entity obliged to make an entry in CRBR.

Legislative Stage

The Draft has been sent for its first reading in Parliament, where the deadline for the submission of the report is February 23, 2021. The new solutions will enter into force 14 days after their announcement in the Journal of Laws, except for some provisions that will take effect on other dates.

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