



Our Ref: FIN-MO-03184-2019

 November 2019

Mr Noel Grealish TD  
Dáil Éireann  
Leinster House  
Dublin 2

Dear Deputy,

I refer further to your statements in the Dáil on Tuesday 12 November, regarding remittances from Ireland to Nigeria.

At the outset, I note that you appear to cite data from the World Bank which are estimations and may overstate the cashflow from Ireland to Nigeria. The Taoiseach provided you with figures from the Central Statistics Office, in a Parliamentary Question reply dated 22 October 2019 and there are procedures in place to allow you to challenge these figures if you consider that they were misleading. I am disappointed with the apparent ethnic basis of your statements and would welcome any steps that you would be willing to take to clarify on this aspect. It is inappropriate to single out one country in the absence of evidence of wrong-doing.

I consider that an important part of my role as Minister for Finance is to put in place the appropriate framework in relation to financial services to ensure that money leaving the country comes from legitimate sources and that the appropriate levels of taxation have been paid on it.

### **Money laundering**

A key element of this framework is Ireland's anti-money laundering and countering the financing of terrorism (AML/CFT) compliance regime. This is largely governed by the Criminal Justice (Money Laundering and Terrorist Financing) Act 2010 (CJA 2010), as amended and designates distinct classes of businesses and persons required to carry out customer due diligence and to report suspicious transactions.

Among the 'designated persons' under the Act are credit and financial institutions, payment institutions (including money remittance services) as well as auditors, accountants and tax advisors.

The Central Bank of Ireland is the statutory supervisory and enforcement authority for regulated financial services providers in Ireland, responsible for the monitoring and supervision of providers' compliance with their obligations under the CJA 2010, which includes having effective systems, controls and preventative measures in place to prevent and detect money laundering.

Among other requirements, EU Regulation 2015/847, commonly referred to as the Funds Transfer Regulation or "FTR", stipulates what 'payer' and 'payee' information must accompany electronic

transfers of funds and sets out the duties of Payment Service Providers (PSPs) in ensuring these data are attached to the transfers so that they are later available for the purpose of preventing, detecting and investigating money laundering and terrorist financing.

Designated persons under the CJA 2010 have an obligation to file suspicious transaction reports ("STRs") where they have reason to suspect a transaction may be for the purposes of money laundering or terrorist financing. There is a dual reporting requirement for all STRs to be submitted both to the Financial Intelligence Unit - part of the National Economic Crime Bureau of An Garda Síochána - and to Revenue. All STRs are analysed and may be used to initiate an investigation by An Garda Síochána and/or Revenue.

Ireland has been a member of the Financial Action Task Force ("FATF"), the global AML/CFT standard setting body for AML/CFT policy, since 1991. A Mutual Evaluation Report ("MER") of Ireland was undertaken by the FATF in 2017. Crucially, this review not only assessed Ireland's legislative AML/CFT framework, but also intensively scrutinised the effectiveness of our legislation in terms of how the provisions therein are being implemented and enforced.

One of the key findings of the FATF's peer review of Ireland was that:

*"Ireland has a generally sound legislative and institutional AML/CFT framework. In recent years, Ireland has put in place measures to improve its understanding of risks and national coordination and cooperation is a strong point of the Irish AML/CFT system."*

It also found that *"Ireland covers a comprehensive range of reporting entities for the purposes of its AML/CFT System"*; that *"supervisors are aware of the relevant ML/TF risks and were able to demonstrate that they are taking a risk-based approach to supervision"*. Importantly also, that *"the Central Bank is performing well in supervising financial institutions"*.

Since the FATF MER and in line with usual FATF processes, Ireland is subject to ongoing review. Ireland has now been moved from FATF's enhanced follow-up process to its regular follow-up process.

## **Revenue Aspects**

The second aspect highlighted is ensuring that the appropriate levels of taxation have been paid on the money. As stated above, under the Criminal Justice (Money Laundering and Terrorist Financing) Act 2010, designated persons are required to submit a STR to both the Revenue Commissioners and An Garda Síochána, where they have a suspicion that a money laundering offence may have been committed. Tax evasion is viewed as a predicate offence for money laundering. During 2018, Revenue received 23,422 STR reports.

Revenue continues to contribute to the national imperative of countering money laundering and terrorist financing by, *inter alia*:

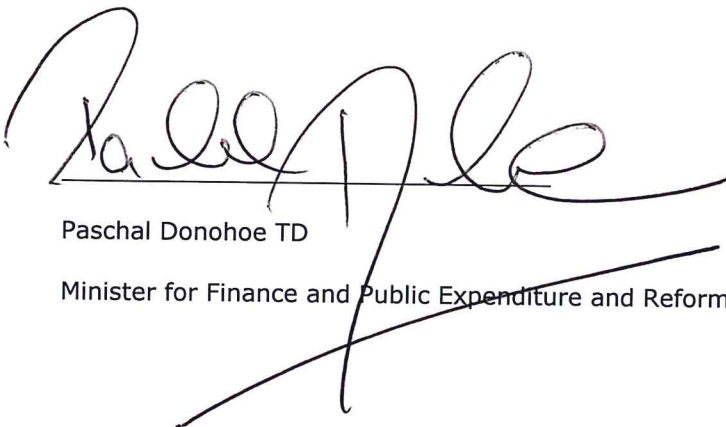
1. Reducing the opportunity for tax evasion, countering the activities of those involved in drug smuggling, cigarette smuggling, alcohol smuggling, fuel laundering and Intellectual Property Rights fraud;
2. Supporting those agencies directly involved in the investigation of money laundering and terrorist financing;
3. The provision of key personnel with specific investigative and operational skills to the Criminal Assets Bureau;
4. The continued strengthening of the well-developed links between the Garda Financial Intelligence Unit and Revenue's Suspicious Transaction Unit;
5. Participation in various working groups such as the Anti Money Laundering Steering Committee; and
6. Engaging with designated bodies at conferences and industry fora, to communicate best practice for Money Laundering Reporting Officers (MLRO).

## Conclusion

Therefore I am satisfied that the appropriate framework is in place to ensure that money leaving the country comes from legitimate sources and the appropriate levels of tax are paid on it. As I previously indicated, if you have any evidence of any wrongdoing in relation to remittances going to Nigeria or any other country, I would strongly advise you to bring it to the attention of An Garda Síochána.

Given that this is a matter of public interest, I intend to make this letter publicly available.

Yours Sincerely



Paschal Donohoe TD  
Minister for Finance and Public Expenditure and Reform