



TECHNOLOGY

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POLICY DEVELOPMENTS

AN AGREEMENT ON FREE FLOW OF NON-PERSONAL DATA – A MAJOR STEP TOWARDS DIGITAL SINGLE MARKET

The European Parliament, Council and the European Commission reached an agreement on 19 June 2018 on the free flow of non-personal data. The [new rules](#) prohibit data localisation restrictions, allow for the data to be stored and processed anywhere in the EU, and ensure that public authorities can access data. The new legislation also encourages cloud service providers to create codes of conduct that would make it easier for customers to switch providers of cloud services.

“Data localisation restrictions are signs of protectionism for which there is no place in a single market. After free movement of people, goods, services and capital, we have made the next step with this agreement for a free flow of non-personal data to drive technological innovations and new business models and create a European data space for all types of data.” Andrus Ansip, Vice-President for the Digital Single Market

BACKGROUND

This EU initiative aims to set out a clear legal framework under which non-personal data could move freely across borders in the EU. The proposal complements the General Data Protection Regulation (GDPR) that became binding and applicable to all EU Member States on 25 May 2018 that regulates the processing of personal data.

It is particularly relevant for the accountancy profession. The Commission [identified](#) the accountancy sector as one of the sectors with the most (unjustified) data localisation measures. If finalised, the legislation will thus affect national taxation and accounting laws that restrict where practitioners can store their data.

Furthermore, the question of switching providers is increasingly relevant for the profession as more accountancy practices move to the cloud. Measures to support professional users are therefore a welcome development. This is especially the case for SMPs, which have a lower bargaining power towards providers. For more information, see our [Tech Update of 4 October 2017](#).

UK SEEKS A NEW DATA PROTECTION AGREEMENT AFTER BREXIT

The UK proposes to maintain data flows between the EU 27 and the UK via a new model based on the adequacy decision. On 6 June, the UK Government released a [technical note](#) outlining the benefits of a possible new data protection agreement. The note was prepared by the UK Brexit negotiation team for discussion with the EU.

Such an agreement will improve legal certainty, stability and transparency, and will save cost. It will also help more efficient processes for EU businesses avoiding disruption in data flows, duplication, especially in regulatory cooperation. The note points out that a standard adequacy decision would not provide these benefits.

This new model should allow the UK data protection authority to have an “appropriate ongoing role” on the European Data Protection Board (EDPB). The GDPR set up the EDPB to provide guidance, promote cooperation among data protection authorities and ensure a consistent interpretation and application of the GDPR.

To recall, the UK will become a third country after Brexit. Personal data will then no longer be able to freely flow to the UK unless it can be proven that it will enjoy adequate protection. You can find more information on the implications of Brexit for data flows in our dedicated [GDPR special](#).

The EU27 also supports the continued free flow of data. The European Council (EU27) March [guidelines on the future EU-UK](#) relationship stress that the future relationship should include rules on data because of the importance of data flows between the EU27 and the UK.

PROSPERITY AND COMPETITIVENESS THROUGH DIGITALISATION – ONE OF THE KEY PRIORITIES FOR THE AUSTRIAN PRESIDENCY

The [Austrian Presidency](#) has highlighted *prosperity and competitiveness through digitalisation* as one of the three priority areas for its Presidency of the Council of the European Union from 1 July to 31 December 2018.

The Austrian Presidency plans to continue the EU’s work on taxation of digital economy and has committed to advance the short-term proposal on digital services tax (DST) to reach a political agreement by the end of 2018. You can find more information on the European Commission’s proposals for the taxation of the digital economy in our March 2018 [Tech Update](#).

MEPs HAVE VOTED TO SUSPEND THE PRIVACY SHIELD

On 5 July, the European Parliament adopted a resolution calling for the suspension of the EU-US Privacy Shield, unless the US authorities fully comply with it by 1 September 2018. The [Resolution](#) “takes the view that the current Privacy Shield arrangement does not provide the adequate level of protection required by Union data protection law and the EU Charter as interpreted by the European Court of Justice”.

The Privacy Shield is a crucial tool for businesses to transfer EU personal data to the US, while remaining compliant with the EU data protection rules. It was set up because its predecessor, the Safe Harbour framework, was struck down in court. Nonetheless, the extra privacy measures of the Privacy Shield are considered insufficient by several stakeholders.

Given the controversy of the Privacy Shield, EU accountancy practitioners that store or process personal data in the US should closely follow these developments. You can find more information on these developments in our dedicated [GDPR special](#).

FINANCIAL STABILITY BOARD PUBLISHED A REPORT ON CRYPTO-ASSETS

On 16 July, the Financial Stability Board (FSB) issued a Report to the G20 Finance Ministers about its work on crypto assets.

A Framework was developed to look into key risks posed by crypto-assets and how they can affect financial stability. To this end, the FSB proposed metrics to monitor implications of crypto-assets markets for financial stability.

According to the FSB, “crypto-assets do not pose a material risk to global financial stability”. Nonetheless, the FSB supports “vigilant monitoring in light of the speed of developments and data gaps”.

The Report also gives an update on the work related to crypto-assets by other standard setting bodies - Committee on Payments and Market Infrastructures (CPMI), International Organization of Securities Commissions (IOSCO) and the Basel Committee on Banking Supervision (BCBS).

This topic was also covered in our March 2018 [Tech Update](#).

ACCOUNTANCY INITIATIVES

If you would like to share your latest technology-related initiative, please contact [Iryna](#).

ROBOTS IN THE NEWS

Technology is getting so much news coverage that it starts becoming difficult to keep track of what is happening. To help you navigate this ever-expanding information stream, we offer you our selection of articles that we found most interesting.

- [Facebook under pressure for weak consumer policy](#), Euractiv
- [Technology: A Tale of Two Practices](#), IFAC Global Knowledge Gateway
- [The future of international data transfers](#), Hogan Lovells
- [In fraud and corruption investigations, artificial intelligence and data analytics save time and reduce client costs](#), Hogan Lovells

Is there an article missing that you think should be part of this list? Please send it to [Iryna](#) and we will include it in our next update!