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REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT AND THE COUNCIL

on the evaluation of Directive (EU) 2018/1673 on combating money laundering by criminal law

{SWD(2026) 148 final}

1. INTRODUCTION

Directive (EU) 2018/1673 on combating money laundering by criminal law (hereafter "the Directive") was adopted by the European Parliament and the Council on 23 October 2018 and entered into force on 2 December 2018. The Directive strengthens law enforcement and judicial responses to money laundering, fosters cross-border cooperation both within the EU and internationally, and complements the wider legislative framework on the prevention of money laundering.

The Directive applies to 25 Member States; Ireland and Denmark are not bound by it. The deadline for transposition was 3 December 2020.

The Directive establishes minimum rules on the activities that have to be considered as money laundering offences across all Member States (i.e. transferring or converting property derived from criminal activity, hiding or disguising its illicit origin, or acquiring, possessing or using property knowing of its criminal origin) and the corresponding sanctions for such acts. The Directive specifies the criminal activities that constitute predicate offences for money laundering, i.e. the criminal acts from which the laundered money originated. Among the novelties introduced, the Directive enables the prosecution of money laundering without requiring a conviction for the predicate offence, and without requiring authorities to prove all the elements of the predicate offence ('stand-alone money laundering'). It also enables the prosecution and conviction for money laundering activities committed by the perpetrator of the criminal activity that generated the property ('self-laundering'). The Directive contains rules to clarify which Member State is competent for prosecution in cross-border cases. Furthermore, it lays down minimum rules on penalties and additional sanctions applicable to both natural and legal persons, including 'aggravating circumstances'.

This report responds to the requirement in Article 14(2) of the Directive, which requires the European Commission to submit a report to the European Parliament and the Council assessing the added value of the Directive with regard to combating money laundering as well as its impact on fundamental rights and freedoms.

This evaluation report builds on the transposition report from the Commission to the European Parliament and the Council – required under Article 14(1) – assessing the extent to which Member States have taken the necessary measures to comply with the Directive. The transposition report showed that, while the transposition of the Directive has been broadly compliant, some gaps and inconsistencies remain, such as the incorrect transposition by some Member States of the provisions regarding aggravating circumstances. The transposition report is presented in the annex.

The detailed findings of the evaluation, as well as the methodology used, are presented in the Commission staff working document accompanying the report.

This Directive is part of a broader toolkit against criminal finances which, as highlighted in the European Internal Security Strategy ('ProtectEU'), is a central component of the fight against organised crime. Confiscating criminal profits remains essential to dismantle organised

criminal groups, and the effective implementation of EU legislation on countering financial crime and fostering asset recovery is a key step in this regard.

2. BACKGROUND

As a general objective, the Directive aims at strengthening the judicial and law enforcement responses to money laundering across Member States. Although all Member States criminalised money laundering, there were significant differences regarding the way the offence was defined, the scope of predicate offences and the respective sanctions. The previous framework lacked coherence and comprehensiveness, making it less effective and allowing criminals and terrorists to exploit weaker national systems. To meet these needs, the Directive introduced a **common EU framework for criminalising money laundering and strengthening judicial and law enforcement responses**. Its overall aim is to reinforce the EU's anti-money laundering regime through criminal law.

This translates into specific objectives:

- ensuring the effective criminalisation of money laundering across the EU;
- introducing clear and uniform definitions of predicate offences;
- establishing consistent and proportionate penalties and sanctions;
- enhancing cooperation and information exchange between Member States.

The expected impacts of the Directive are:

- more effective investigation and prosecution of money laundering perpetrators, through the adoption of harmonised offences, penalties and sanctions;
- increased protection of EU citizens and of the internal market against threats of organised crime and terrorist financing, through the availability of effective tools for authorities to investigate money laundering and bring perpetrators to justice, including legal entities;
- more efficient and coordinated cross-border action against money laundering, through strengthened cooperation and information exchange between Member States;
- more effective investigative tools available to authorities in money laundering investigations;
- measures to strengthen confiscation by enhancing the tracing, freezing and confiscation of proceeds of money laundering offences.

This evaluation report covers the legislative and practical application of the Directive, analysed in terms of effectiveness, efficiency, coherence, EU-added value, relevance, in line with the Better Regulation principles, as well as its impact on fundamental rights and freedoms, as requested by Article 14(2) of the Directive. The evaluation report also contains conclusions and concrete recommendations for future actions.

The evaluation was done with the support of an external study[1], which included desk research, interviews, targeted consultations, surveys, etc. A wide range of stakeholders were consulted, including EU agencies and bodies, judicial authorities, law enforcement authorities, asset recovery offices, Financial Intelligence Units, legal experts, non-governmental organisations, think-tanks, and academic institutions. The evaluation covers the period from 2018 to 2025.

3. MAIN FINDINGS

This section presents the results of the evaluation as regards the effectiveness, efficiency, coherence, EU-added value and relevance of the Directive. Moreover, it presents the results of the evaluation in relation to the impact of the Directive on fundamental rights and freedoms, as specifically requested by Article 14(2) of the Directive.

3.1. Effectiveness

Concerning **effectiveness**, the evaluation finds that the **Directive has contributed significantly to the harmonisation of money laundering offences and penalties across Member States**, providing new tools for practitioners to combat money laundering. By ensuring the criminalisation of all relevant money laundering methods from a broad scope of profit-generating crimes, the Directive allows authorities to investigate and prosecute more effectively all the relevant activities carried out to launder illicit money. The **introduction of novelties such as stand-alone money laundering and self-laundering** has been particularly relevant in this sense: such conducts can now be prosecuted in all Member States.

In this regard, judicial and law enforcement authorities highlighted clear benefits, particularly the removal of the need to prove the predicate offence when prosecuting money laundering, which facilitated judicial proceedings. Judicial authorities also underlined the increased prosecutorial reach through the introduction of the self-laundering offence. These changes also led to an **increased deterrent effect** of the money laundering legislation according to judicial and law enforcement authorities.

The possibilities for prosecuting legal entities and for applying higher penalties in cases where an obliged entity[2] commits money laundering provides opportunities for authorities to tackle more effectively the complex schemes set up by criminals to hide their illicit gains, thereby **increasing the protection of the internal market** against threats of organised crime and terrorist financing, with practitioners underlining the deterrent effect of independent criminal prosecution for legal entities separate from natural persons, as well as of aggravating circumstances generally.

Another aspect that has increased the effectiveness in the fight against money laundering is the **extension of the investigative tools** available for investigating money laundering offences. Stakeholders reported that the Directive's obligation to make available for money laundering

[1] Link to study (publication is pending, to be added after ISC).

[2] See in particular Article 2(1) of Directive (EU) 2015/849 of the European Parliament and of the Council of 20 May 2015 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, *OJ L 141, 5.6.2015, pp. 73–117, latest consolidated version available under: EUR-Lex - 02015L0849-20241230 - EN - EUR-Lex*.

investigations the investigative techniques used in organised crime cases, as well as the raising of maximum penalties, has facilitated access to specialised tools such as communication interception. This allows to follow the financial trail and allows authorities to gather further evidence, enhancing their capacity to uncover and dismantle criminal networks and their finances, thereby increasing the **protection of EU citizens** against the threat from organised crime.

Moreover, thanks to more aligned money laundering offences across the EU and clearer rules defining the country competent for leading the investigation and prosecution of a certain case, according to judicial authorities and some of the law enforcement authorities, the Directive has overall contributed to a more **efficient and coordinated cross-border action** against money laundering. Overall, by approximating legal frameworks, the Directive has enabled authorities from different Member States to "speak a common language": the more offences and penalties resemble between jurisdictions, the easier it is for them to cooperate across borders, and to recognise judgements from another Member State.

Nonetheless, the **effectiveness of the Directive is affected to some extent** by a number of **challenges**.

One challenge concerns the inconsistent interpretation and application of **stand-alone money laundering** across Member States, which causes legal uncertainty and problems during investigations and prosecutions. The extent to which the predicate offence has to be proven differs greatly among Member States: in some countries, the authorities only have to prove some prior criminal activity from which the laundered property stems, while in others the authorities are required to clearly define the predicate offence, and in some cases even establish the place and time of the crime (see also pages 3-4 of the transposition report). Therefore, the effectiveness of the Directive in facilitating the prosecution of stand-alone money laundering varies across the EU: this is consequence of the vague wording of the Directive, which allows for such a broad variety of transposition measures.
There is also a divergent interpretation among Member States' jurisdictions of **the property that can be object of money laundering** Even though the Directive has an all-encompassing definition of property in order to comprise all sorts of money laundering activities, some Member States' legislations don't consider saved expenses (such as taxes withheld through committing a tax crime) as property that can be laundered. They consider that only property that represents a positive increase of a person's assets, e.g. money gained through a drug trafficking offence or a tax rebate, can be object of a laundering offence. These countries exclude from the scope of property the money that was saved by illegally not paying VAT tax. This represents a considerable gap considering the impact of VAT fraud on public budgets, which costs tax authorities several tens of billion euros every year according to Europol[3] and to the European Public Prosecutor Office[4].

[3] https://www.europol.europa.eu/cms/sites/default/files/documents/EU-SOCTA-2025.pdf
[4] In its 2024 annual report, EPPO has highlighted how VAT fraud accounted for more than 53% of the overall estimated damage under investigation, with an estimated damage of €13.15 billion https://www.eppo.europa.eu/assets/annual-report-2024/pdfs/EPPO_Annual_Report_2024_en.pdf

Furthermore, it should be noted that the provision concerning the establishment of **jurisdiction over money laundering offences** – specifically in the instance where the offender is a national of the Member State, pursuant to **Article 10(1)(b)** – was transposed in a divergent manner, particularly with respect to the requirement of **double criminality**[5].

A particular area where the evaluation did not conclude on the effectiveness is the expected impact on the strengthening of confiscation measures, due particularly the length of criminal proceedings, which have resulted in insufficient data. Furthermore, it has to be noted that the Directive, in Article 9, only refers to the application of Directive 2014/42/EU on confiscation, which was in 2024 replaced by the new Directive on asset recovery and confiscation. Therefore, such aspects can only be analysed in the evaluation of the latter instrument, which the Commission is required to submit to the European Parliament and to the Council by 24 November 2031.

3.2. Efficiency

In terms of **efficiency**, the assessment of costs and benefits can only be preliminary, given the length of criminal proceedings in money laundering cases. Therefore, the full impact of the Directive in quantitative terms (number of prosecutions and convictions, volume of assets frozen and confiscated in these money laundering cases) will only be visible in the coming years.

While stakeholders' views were mixed (some expressed neutrality; others were divided on whether the Directive's benefits outweighed its associated costs), due to a lack of reported data it has not been possible to perform a full assessment of costs, both monetary and in terms of administrative burden, against outcomes such as number of prosecutions and convictions, and the related volume of assets frozen and confiscated in these money laundering cases. In any event, the majority of Member States that took part in consultation activities reported zero or minimal implementation costs and administrative burden. This reflects the nature of the Directive, which essentially requires changes in the criminal code or criminal procedural code of Member States, and such amendments to national legislation imply only limited additional costs. Some additional costs that the Directive entails are trainings for judicial authorities and law enforcement authorities, especially with a view to the investigation and prosecution of new forms of money laundering introduced by the Directive. In general terms, stakeholders indicate that the Directive has provided new tools for authorities to more effectively investigate and prosecute money laundering offences, while implementation costs are reported as limited, suggesting an overall positive effect in terms of efficiency.

3.3.Internal and external coherence

[5] That is the principle whereby jurisdiction can only be established where the conduct in question is criminalised both in the prosecuting state and in the state in which it was committed.

Regarding **internal coherence**, the evaluation shows that the different components of the Directive are working well together in achieving its objectives, and that there is no contradiction among the various provisions in the Directive.

External coherence covers both the international and EU level.

On the **international** scale, the evaluation notes that the Directive is **not fully aligned with the Council of Europe Warsaw Convention**[6], which contains rules on the criminalization of money laundering regulating to a large extent the matters covered by this Directive. The EU has signed the Convention in 2009, but not yet ratified it. Specifically, Article 2(1) of the Directive restricts the scope of predicate offences compared to the Warsaw Convention, which is an option permitted under the Convention. The Commission envisages to adopt a proposal for a Council Decision to allow the EU to ratify the Warsaw Convention and could address this issue in that context.

At **EU level**, the Directive is **consistent with other legislative instruments in the field**. As recognised in the European Internal Security Strategy ('ProtectEU')[7], the EU has bolstered its efforts with the new anti-money laundering rules, including the establishment of the EU Anti-Money Laundering Authority, and with the new Directive on asset recovery and confiscation, which is crucial to tackle the financial motives behind organised crime, freeze illicit assets swiftly and confiscate criminal gains. Such developments are in line with the reinforced criminal law response to money laundering brought by the Directive.

Nevertheless, the Directive presents some gaps as compared to the most recent criminal law directives, for example on environmental crime or on the violation of restrictive measures, regarding the application of additional penalties against natural persons and the sanctions against legal ones.

Regarding the **application of additional penalties against natural persons**, the Directive requires Member States to introduce, in addition to prison sentences, additional sanctions or measures against perpetrators of money laundering, without specifying which type of measures, which leads to a variation in national transpositions. In contrast, more recent EU criminal law instruments explicitly list possible measures for Member States to apply against natural persons, such as fines, exclusion from funding and public tenders, withdrawals of permits or temporary bans on running for public office.

A similar issue occurs with regards to **sanctions for legal persons**. The Directive requires Member States to provide for criminal or non-criminal fines and includes a list of possible additional sanctions, which are only optional and not defined in sufficient detail. While this provides the necessary flexibility to Member States, this contrasts with the most recent criminal law legislation, which foresees a minimum level of the maximum fines for all offences, to be

[6] Council of Europe Convention on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime and on the Financing of Terrorism (CETS No. 198).
[7] EUR-Lex - 52025DC0148 - EN - EUR-Lex.

calculated either based on a percentage of the legal person's worldwide turnover or based on a fixed amount[8].

3.4. EU added value

In terms of **EU added value**, the implementation of the Directive provides a **positive benefit** stemming from EU-level legislative action that would likely not have been achieved by Member States individually. The Directive has created a **more homogeneous level playing field for combating money laundering across the EU**, which is regarded by judicial and law enforcement stakeholders as positive as it contributes to greater legal consistency and facilitates cross-border cooperation. However, the above-mentioned discrepancies in the definition and prosecution of money laundering offences, especially as regards stand-alone money laundering, and the divergent application of optional provisions ("may clauses") regarding penalties for natural and legal persons indicate that there still potential for further EU-wide harmonisation.

3.5. Relevance

The Directive's objectives and measures continue to be of relevance considering the challenges in money laundering and organised crime: according to Europol's Serious and Organised Threat Assessment 2025, money laundering continues to play a crucial role in enabling criminals to profit from illegal activities and is the backbone of organised crime[9]. Moreover, *modi operandi* of money laundering often involve multiple transactions across various non-EU jurisdictions, exploiting regulatory disparities and creating a complex trail that challenges financial investigations: a harmonised criminal response across Member States is therefore as important as ever. At the same time, according to Europol, money laundering is increasingly facilitated by digital platforms and enhanced by emerging technologies[10] – the technology neutral character of the Directive allows to adapt the criminal law response to such evolutions, ensuring the Directive maintains its relevance irrespective of technological developments.

3.6. Impacts on fundamental rights and freedoms

Finally Member State authorities, EU and international bodies generally consider the Directive to be in line with fundamental rights standards, including the Charter of Fundamental Rights of the European Union, or reported no available data. Other stakeholders – particularly NGOs, think-thank and academia – voiced concerns regarding a possible impact on the protection of the presumption of innocence when applying the stand-alone money laundering offence, the principle of double jeopardy (*ne bis in idem*) in cases of self-laundering[11], as well as regarding

[8] For example, Directive (EU) 2024/1203 of the European Parliament and of the Council of 11 April 2024 on the protection of the environment through criminal law obliges Member States to foresee fines for legal persons in case of specific offences. The Directive, furthermore specifies that the maximum level of those fines is at least 5 % or a lump sum of 40 000 000 euro for certain offences related to the pollution of the environment and 3 % or 24 000 000 euro for other offences such as wildlife trafficking.

[9] europol.europa.eu/cms/sites/default/files/documents/EU-SOCTA-2025.pdf

[10] *Ibid*.

[11] As in self-laundering, the distinction between predicate offence and money laundering offence is often not clear-cut, so that there is a risk of a double punishment for the same act if there is a conviction for the predicate offence and the money laundering offence.

the clarity of the definition of offences and penalties and/or the proportionality of the latter, especially when the predicate offence is a minor offence.

Overall, the feedback provided from the majority of stakeholders allows to conclude that money laundering offences are formulated in a clear, precise and foreseeable manner and penalties are appropriate and proportionate to the seriousness of the offences. Fundamental rights are ensured through the rules set out in six EU Procedural Rights Directives, the Charter and the European Convention of Human Rights as well as the general principles of criminal law. In addition, the application of the national rules transposing the Directive is subject to the review of national courts that have to ensure their compliance with fundamental rights and freedoms.

4. CONCLUSIONS AND LESSON LEARNT

The Directive is considered to largely meet its objectives, having enhanced the capacity of competent authorities to investigate and prosecute money laundering through reinforced offences and penalties and having facilitated cross-border investigations, without creating significant additional costs or negatively impacting fundamental rights. Nevertheless, some challenges remain, notably to increase the effectiveness and the coherence of some of its provisions with other EU instruments.

Moreover, considering the length of criminal proceedings, the full impact of the Directive will only be visible in the coming years. It is therefore important for the Commission to continue to monitor the impacts of the Directive, including on fundamental rights and freedoms.

The evaluation has identified a number of lessons learnt, which Member States may wish to consider in their transposition and implementation of the Directive.

- **Enhanced clarity on stand-alone money laundering**

To ensure that authorities are not obliged to essentially prove all elements of the predicate offence, the **requirements necessary to establish a predicate offence or the illicit origin of laundered property** should be clarified, thereby promoting a uniform application of the stand-alone money laundering offence and facilitating the investigation and prosecution of money laundering across EU Member States.

- **Assessing minimum maximum levels of penalties and sanctions for natural persons and legal entities, as well as setting out additional penalties and measures**

It would ensure greater coherence to align the provisions on penalties and sanctions for natural and legal persons to newly adopted EU criminal legislation, such as Directive (EU) 2024/1203 on the protection of the environment through criminal law and Directive (EU) 2024/1226 on the violation of Union restrictive measures. This should include setting out the type of additional penalties or measures that Member States can impose on perpetrators of money laundering in addition to imprisonment, and set out specific sanctions for legal entities, notably a minimum of the maximum level of fines, to be calculated either based on the global worldwide turnover of the legal person or based on fixed amounts. This would ensure a level-

playing field across Member States and reinforce the deterrent effect of the sanctions for money laundering offences.

- **Refinement of the definition of property**

The definition of "property" should be refined to more expressly encompass all potential forms of illicit gains, including direct proceeds, cost savings derived from tax crimes, and indirect proceeds derived from criminal activities.

- **Alignment with international instruments**

Ensuring alignment between the Directive and the Warsaw Convention would enhance the coherence between the two instruments.

- **Monitoring of the impacts of the Directive**

In order to monitor the impacts of the Directive, the Commission will continue to engage with relevant stakeholders through *fora* such as the Commission Expert Group on EU Criminal Policy, the Anti-Money Laundering Operational Network of financial investigators (AMON), the European Multidisciplinary Platform Against Criminal Threats (EMPACT), the new Cooperation Network on Asset Recovery and Confiscation, the Camden Asset Recovery Inter-agency Network (CARIN), Eurojust's Judicial Focus Group on Money Laundering and Asset Recovery and the European Judicial Organised Crime Network.

The Commission will continue its dialogue with Member States and all stakeholders, to ensure that the criminal law response to money laundering is effective, in line with EU policies in this field and up to date, considering the evolving trends and *modi operandi* of criminal groups in the financial sphere.

These recommendations are an important contribution to the efforts at EU level to promote the follow-the-money approach as a key component in the fight against organised crime, an area which is highlighted in the ProtectEU strategy as crucial to ensure a strong judicial response to the most threatening criminal networks.