

Countering money laundering with criminal law

While money laundering constitutes a criminal offence in all EU Member States, definitions and sanctions vary across the European Union. These differences can be exploited by criminals, by carrying out their financial transactions in countries with less stringent rules. During its September plenary session, the European Parliament is expected to vote on a proposal for a new directive which aims to harmonise rules and penalties in the EU, and to facilitate cross-border cooperation in order to combat money laundering and terrorist financing.

Background

According to [estimates](#), €110 billion is generated each year from criminal activity within the EU (1 % of the EU's gross domestic product). Proceeds of crime and money-laundering schemes can also be used to finance terrorist activities. Having a clear cross-border dimension, this phenomenon requires effective police and judicial cooperation between Member States. A strengthened EU legal framework would offer better tools to the competent authorities, and help to reduce the threat from terrorist and criminal organisations by making it harder for them to finance their activities.

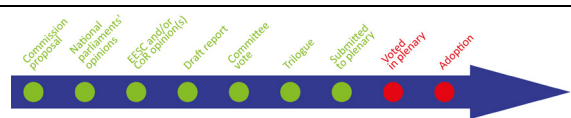
European Commission proposal

In February 2016, the Commission presented an [action plan](#) to strengthen the fight against terrorist financing, envisaging a package of measures with the aim to 'cut off the financial sources of criminals and terrorists'. The action plan was followed in December 2016 by three legislative proposals, including for a directive on countering money laundering by criminal law. The [proposal](#) aims to introduce minimum common rules regarding the definition of the criminal offence of money laundering, and to approximate sanctions. It would also bring the EU framework into line with international obligations stemming from the Council of Europe's [Warsaw Convention](#) and from recommendations of the inter-governmental [Financial Action Task Force](#). The Commission proposes to establish a list of predicate offences (underlying criminal activities generating the proceeds which are then laundered) in line with these standards, and to go beyond them by adding cybercrime to the list and by criminalising self-laundering (when the person laundering the proceeds of crime is also the perpetrator of the predicate offence).

European Parliament position

Parliament's Committee on Civil Liberties, Justice and Home Affairs (LIBE) adopted its [report](#) on the proposal in December 2017. The Committee endorsed the criminalisation of self-laundering, and put more emphasis on tax evasion, fraud and avoidance, as well as on the need to improve data exchange and cooperation within the Union and increase cooperation with third countries and international bodies. The Parliament as a whole endorsed the negotiation mandate in January 2018. The [final agreement](#), reached by the co-legislators in May 2018, sets a maximum term of imprisonment of at least four years for money-laundering activities; aggravating circumstances in case of links with criminal organisations or if the offence is committed in the exercise of [certain professional activities](#); additional sanctions such as fines, exclusion from access to public funding or a temporary ban on running for elected or public office, as well as legal entities' liability and related sanctions. It also clarifies rules on establishing jurisdiction and points to the need to cooperate in cross-border cases, with the involvement of Eurojust. The [text agreed](#) was endorsed in the EP by the LIBE committee on 10 July 2018. It now needs to be formally approved by the Parliament as a whole (scheduled for the September plenary session) and by the Council.

First-reading report: [2016/0414\(COD\)](#); Committee responsible: LIBE; Rapporteur: Ignazio Corrao (EFDD, Italy).



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