

EU 6th AML Directive — What It Means for Offshore Structures

Executive Summary

The Sixth Anti-Money Laundering Directive (6AMLD) strengthens the EU's AML/CFT regime by expanding the scope of criminal liability, increasing penalties, and enhancing cooperation across member states. Offshore structures — particularly trusts, foundations, and cross-border holding companies — now face greater legal exposure and compliance expectations, especially when interacting with EU entities, banks, or service providers.

Key Features of the 6th AML Directive (6AMLD)

Provision	Summary
Expanded Predicate Offences	Increases the list of AML-relevant crimes to include cybercrime, environmental crime, and tax offences.
Criminal Liability for Legal Persons	Companies, trusts, and other legal vehicles can be held liable for AML breaches committed on their behalf.
Increased Sanctions	Mandatory imprisonment of up to 4 years and stricter asset confiscation for AML violations.
Dual Criminality Principle	Cross-border offences are prosecutable in the EU even if the underlying conduct is legal in the offshore jurisdiction.
Information Sharing & Cooperation	Enhanced cooperation among EU Financial Intelligence Units (FIUs) and mandatory central registers.
Beneficial Ownership Enforcement	Greater pressure on accurate and up-to-date UBO disclosure, especially for offshore entities engaging with EU firms.

Implications for Offshore Structures

1. UBO Transparency Is No Longer Optional

- Offshore entities with EU exposure must maintain verifiable UBO records.
- Failure to disclose may result in refusal of banking services, blacklisting, or prosecution under EU law.

2. Higher Risk of Cross-Border Criminal Exposure

- Structuring that obscures beneficial ownership, facilitates tax evasion, or uses nominee arrangements for concealment may fall within criminal AML liability — even if compliant locally.

3. Due Diligence by EU Counterparties

- Banks, law firms, and service providers in the EU now conduct enhanced due diligence on all non-EU entities.
- Offshore clients must supply substantial evidence of source of wealth, real business purpose, and AML compliance.

4. Impact on Trusts and Foundations

- Trusts and similar vehicles are specifically targeted in UBO transparency provisions.
- Many EU countries require registration of offshore trusts if they own EU-based assets, settle with EU residents, or appoint EU-based trustees.

Practical Recommendations

- Review and update corporate structures to ensure alignment with EU AML expectations.
- Maintain up-to-date UBO registers, even in jurisdictions where local law doesn't require disclosure.
- Implement an internal AML and risk framework that meets or exceeds EU standards, especially for CSPs and fiduciary providers with EU clients.
- Conduct periodic audits on all structures interacting with EU-based assets or individuals.