

EU directive on criminalising sanctions evasions and violations: EU steps up pressure on Member States to enforce directive Czech Republic expected to confirm full transposition

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The European Commission has warned Member States that it is taking sanctions evasion and violations seriously.

In April 2024, the European Union adopted Directive (EU) 2024/1226, signalling an effort to strengthen enforcement of the EU sanctions regime. This came in response to an EU-wide lack of enforcement of measures to tackle sanctions breaches and evasion (see our summary on the 14th sanctions package [here](#)). In August 2025, these changes were approved by both chambers of the Czech Parliament and signed by the president. They are **set to take effect in January 2026**. Given that companies will face criminal liability for negligent breach of international sanctions, they should take careful note of this development.

The Directive requires all EU countries to criminalise violations of EU sanctions (including those committed with gross negligence) and to prosecute not only those individuals and companies who breach sanctions but also those who aid and abet such breaches or attempt to commit them. The Directive entered into force on 20 May 2024 and **Member States had until 20 May 2025 to transpose it into their national law**.

On 24 July 2025 – two months after the transposition deadline had passed – **the European Commission publicly announced the opening of infringement procedures by sending letters of formal notice to 18 Member States**. These required confirmation that those countries had fully transposed Directive (EU) 2024/1226 into their national law, demanding to know how this had been implemented. It is rare for the Commission to open proceedings so publicly – a signal that it regards sanctions violations as a priority and expects **stronger enforcement from Member States**.

Major sanctions violations that Member States must criminalise under the Directive include:

- **Failure to freeze assets/asset freeze evasion:** making funds or economic resources available to a sanctioned individual/entity or failing to freeze funds/assets of sanctioned targets as required.
- **Travel ban violations:** enabling a designated person to enter or transit through the European Union in violation of an EU travel ban.
- **Prohibited dealings with third countries' governments, bodies and companies they control.**
- **Dealings in restricted goods and services:** trading, selling, transporting, exporting or importing restricted goods that are banned under EU sanctions or providing related services/assistance.
- **Providing prohibited services** including financial services.
- **Circumvention of sanctions**, including:
 - o Disposing of frozen assets in order to conceal them.
 - o Providing false or misleading information to hide a sanctioned person's involvement.
 - o Failing to comply with reporting obligations set out in sanctions regulations.

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- **Breaching authorisation conditions:** Violating the conditions of any authorisation or license granted under sanctions (e.g. exceeding the scope of a permitted transaction).

The Directive requires Member States to impose penalties for sanctions breaches.

National laws must ensure that companies are held criminally liable for sanctions violations, whether committed by a person acting on behalf of the company or resulting from a lack of supervision or control.

Member States are expected to establish maximum finest of at least 1–5% of worldwide turnover (or €8–40 million), depending on the gravity of the breach. Additionally, Member States should ensure that companies are subject to a range of other penalties listed in the Directive, such as exclusion from access to public funding, exclusion from public tenders and withdrawals of public permits and authorisations.

For individuals who commit sanctions violations, the Directive requires that they be subject to similar penalties, including imprisonment.

Penalties for companies should include fines of up to 5% of global turnover or EUR 40 million, as well as other penalties such as exclusion from access to public funding, public tenders and withdrawals of public permits or authorisations.

The Directive also lists aggravating circumstances such as tampering with documents, destroying evidence and deriving significant direct or indirect financial benefits.

The Directive explicitly recognises voluntary self-disclosure and cooperation as mitigating circumstances, effectively incentivising companies and individuals to come forward with violations. This is consistent with Czech criminal law (see our [latest update](#)), which provides that cooperation should be taken into account in favour of a company or individual during sentencing.

Czech transposition of the Directive

Most aspects required by Directive (EU) 2024/1226 were already part of Czech law before its publication. However, there were several gaps and omissions, which led the Czech Republic to enact comprehensive legislative changes. A government-drafted amendment to the Criminal Code (Act No. 40/2009 Sb) was approved in late 2024 and passed by Parliament in mid-2025. The amendment introduced new offences and stricter penalties for breaches of international sanctions. It also modified the Corporate Criminal Liability Act (Act No. 418/2011 Sb) and the International Sanctions Act (Act No. 69/2006 Sb). In August 2025, these changes were approved by both chambers of the Parliament and signed off by the president. They are set to take effect in January 2026.

One significant change was the introduction of the concept of gross negligence in relation to sanctions violations.

Key changes to the Czech criminal law

(i) A single breach will be sufficient to constitute criminal liability

The first significant change is not immediately apparent. The Czech Republic tightened the definition of a criminal offence by **rewording the plural form "breach of international sanctions" to the singular form "breach of an international sanction"**. This change could have a significant practical impact on criminal proceedings, as it releases prosecution authorities from having to establish and prove multiple breaches. The change could therefore lead to a significant increase in prosecutorial activity.

(ii) Criminalisation of negligent violation of international sanctions

The other significant change is the introduction of the offence of **"negligent violation of international sanctions"**. This offence is committed by anyone who, through gross negligence, violates an international sanction concerning dual-use goods or technology or military material.

(a) Negligence and gross negligence

Negligence, at its core, means a failure to meet the requirements of due care, either in an objective sense (where the offender's circumstances or personal situation mean that they should have known of those requirements) or in a subjective sense (where the offender knew of those requirements but relied on the assumption that this would not cause a violation).

The key is usually the objective criterion. **Under the objective criterion, a basic standard of due care applies to all individuals, but that standard may then be higher for certain categories of individuals (e.g. professionals, company controllers, doctors, lawyers)**. The basic standard of due care is primarily defined by laws and internal regulations, as well as by generally recognised rules for the activity in question. Even where such rules have a quasi-legal character (i.e., not laid down directly in regulation but referred to in certain provisions or tacitly assumed) or are entirely non-legal in nature, professional standards of conduct usually apply.

Negligence is further qualified by the condition that it must amount to "gross" negligence. This is determined by reference to the offender's attitude, which must demonstrate obvious disregard for the requirement of due care. This is determined on a case-by-case basis by the courts. For example, in case-law, a managerial employee may be found "grossly negligent" if they fail to adequately supervise subordinates, thereby breaching both their employment contract and the Labour Code.

(b) Dual-use goods or technology and military material

The Criminal Code does not contain a list of dual-use goods or technology or of military material, nor does it make a clear reference to such a list. The primary reference is to the legal frameworks of the European Union relating to dual-use goods or technology and military material, which contain specific lists. These include the EU Common Military List and the annexes to Regulation (EU) 2021/821, which establishes the Union regime for the control of exports, brokering, technical assistance, transit and transfer of dual-use items.

As these lists are regularly updated, together with sanction lists, companies dealing with dual-use goods or technology or military material, should take particular care to avoid negligently breaching the sanction regimes and incurring criminal liability.

Reporting duty

The Czech Criminal Code includes a reporting duty under which all individuals and companies have a legal obligation to immediately report any of the crimes listed in the Code to the enforcement authorities. **Failure to comply with this duty constitutes a separate criminal offence.** The catalogue of crimes to which this applies includes:

- Violation of export control regulations on dual-use goods and technologies (*Section 262 of the Czech Criminal Code*).
- Breach of obligations in connection with the export of dual-use goods and technologies (*Section 263 of the Czech Criminal Code*).

Although the reporting duty does not directly cover sanctions breaches, export control is closely related to sanctions control, meaning these two are often breached in parallel. This can create practical issues where, for instance, a company starts investigating a sanctions breach and subsequently uncovers indications of export breaches. Because the reporting duty is triggered for any individual who receives information about the reportable crime – except for certain professionals such as Czech attorneys-at-law – this could significantly hinder the internal investigations of sanctions breaches.

In conclusion, the Czech Republic is expected to inform the European Commission that it has implemented all measures required by the Directive.

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