HM Treasury

# Economic Crime Levy Report

## 2023-24

May 2025

HM Treasury

# Economic Crime Levy Report

## 2023-24

May 2025

This publication is available at: www.gov.uk/official-documents.

Any enquiries regarding this publication should be sent to us at public.enquiries@hmtreasury.gov.uk

ISBN: 978-1-917638-13-5 PU: 3517

# Contents

# Chapter 1
# Introduction

## Summary

1.1 Money laundering is a significant threat to the UK's security and prosperity. It is the lifeblood of organised crime, incentivising and allowing criminals to profit from crimes ranging from drug dealing to fraud. In order to deliver the government's mission of Safer Streets, we must ensure that criminals cannot profit from their illicit activity. We also know that the UK's open economy and position as a world-leading financial centre increases the attractiveness of the UK, and UK corporate structures, to money launderers. Money laundering poses a risk to the integrity of our financial system, harms the UK's reputation as a safe place to do business, and undermines the government's key mission of driving economic growth.

1.2 As set out in the Economic Crime Plan 2023-26, the government remains committed to tackling money laundering in all its forms, working closely with industry and law enforcement partners to drive dirty money out of the UK. As this report demonstrates, significant progress is being made, through close cooperation between the public and private sectors. This progress would not be possible without sustainable sources of funding.

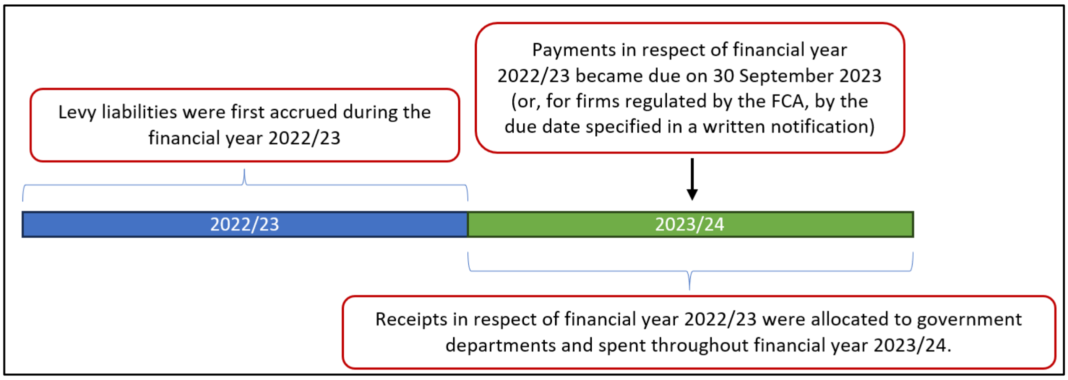
1.3 The Economic Crime (Anti Money Laundering) Levy was established through legislation in the Finance Act 2022. The levy is paid by entities subject to the Money Laundering Regulations 2017 ('the MLRs') to help fund initiatives to tackle money laundering. The levy provides a sustainable, long-term source of funding for measures to tackle money laundering.

1.4 When introduced, the levy was intended to raise £100m per year. Following changes to levy rates at Spring Budget 2024, it is now expected to raise around £115m per year from April 2024 onwards.

1.5 The government believes it is important to report transparently on the operation of the levy, recognising the public-private partnership which is central to the fight against economic crime. This first report provides a breakdown of how the levy was collected and spent in the financial year 2023-24. Subsequent reports will be published on an annual basis to provide detail on the levy's operation each year.

1.6 This report describes collection and spending activity in the financial year 2023-24. However, as the levy is collected a year in arrears, the relevant levy liabilities will have been accrued by entities during the financial year 2022-23.

## Figure 1.A: Economic Crime Levy collection timings




# Legal and Accounting Framework

1.7 The levy was legislated for under Part 3 of the Finance Act 2022, with further provision made in two subsequent statutory instruments[1]. This legislation established the Financial Conduct Authority (FCA), the Gambling Commission and His Majesty's Revenue and Customs (HMRC) ('the collectors') as the bodies responsible for collecting the levy. Each collector is responsible for collecting the levy from the entities they supervise under the MLRs. HMRC is also responsible for collecting the levy from entities regulated by any of the twenty-two professional body anti-money laundering (AML) supervisors ('the PBSs').

1.8 Under these legislative arrangements, the levy was first charged during the financial year 2022-23. Levy charges are determined based on an entity's total UK revenue for the accounting periods ending within a financial year, according to the bands set out in Table 1.A.

## Table 1.A: Economic Crime Levy bands

| Levy Band | UK Revenue | Amount charged |
|---|---|---|
| Small | Under £10.2m | Nil |
| Medium | £10.2m to £36m | £10,000 |
| Large | £36m to £1bn | £36,000 |
| Very Large | Greater than £1bn | £250,000 |

1.9 The first levy allocations for activity to tackle money laundering were provided to government departments for the financial year 2023-24. The government departments receiving funding in 2023-24 were

[1] See https://www.legislation.gov.uk/uksi/2022/269 and https://www.legislation.gov.uk/uksi/2023/369

the Home Office, the Department for Business and Trade, and HM Treasury.

1.10 In line with the funding commitments set out below, allocated funding was passed from central government departments to other public bodies and agencies, including Companies House, policing in England and Wales, the National Crime Agency, and the Crown Prosecution Service.

## Funding Deliverables

1.11 In March 2023, HM Treasury confirmed the allocation of £300m of expected levy receipts from 2023-24 to 2025-26. This funding was directed to six core areas which are detailed in Table 1.B.

1.12 These deliverables are closely linked to the key outcomes of reducing money laundering and recovering more criminal assets set out in the Economic Crime Plan 2023-2026[2].

1.13 Each deliverable feeds into the cross-cutting system capability and reform work identified as necessary in the Plan, including:

- Limiting abuse of UK corporate structures
- Increasing the effectiveness of the UK's AML/CFT regulatory and supervisory regime
- Combatting the criminal use of cryptoassets
- Improving intelligence, feedback, and analysis through Suspicious Activity Reports (SARs) reform
- Recovering more criminal assets
- Increasing law enforcement capacity
- Improving information sharing, data, and technology

### Table 1.B: Economic Crime Levy 2023-26 Deliverables

| | |
|---|---|
| Deliverable 1 | Invest over £100 million in state-of-the-art technology to analyse and share data on threats in real time, to give law enforcement the tools it needs to stay ahead of criminals. |
| Deliverable 2 | Provide funding to increase resourcing across the anti-money laundering system. This includes funding to hire 475 new FTEs across threat leadership, intelligence and investigative and prosecution capacity dedicated to tackling money laundering and asset recovery over three years. |
| Deliverable 3 | Invest £60 million to fund new specialist intelligence teams in the National Crime Agency and expand the Combatting Kleptocracy Cell to tackle the most complex global money laundering networks. |

2 https://www.gov.uk/government/publications/economic-crime-plan-2023-to-2026

| | |
|---|---|
| Deliverable 4 | Provide funding for c.75 officers to sustain the increased staffing of the UK Financial Intelligence Unit and for 22 new financial investigators to analyse Suspicious Activity Reports (SARs) embedded in regional organised crime units. |
| Deliverable 5 | Invest £20 million in Companies House and the Insolvency Service to fund the creation of two new intelligence teams, recruitment and training of AML enforcement teams, and procurement of technological advances to improve AML capability.<br><br>Invest £0.6 million for the deployment of UK experts overseas to raise the global standards on Beneficial Ownership, multiplying the impact of our domestic reforms to Companies House. |
| Deliverable 6 | Provide £1.2 million for a dedicated surge team to accelerate the fundamental reform of the AML supervisory regime, leading to more effective risk-based supervision, more dissuasive enforcement, and greater sharing of high-value information and intelligence. |

# Chapter 2
# Levy Collection

## Overview

2.1 In total, 2.927 entities paid the levy during the financial year 2023-24, with total receipts of £90.715m[3]. Table 2.A provides a breakdown of levy receipts by revenue band.

### Table 2.A: Economic Crime Levy receipts by band, 2023-24

| Levy band | Amount charged | Number of entities | Receipts[4] | Proportion of receipts |
|---|---|---|---|---|
| Medium | £10,000 | 1,419 | £14.0m | 15% |
| Large | £36,000 | 1,396 | £49.7m | 55% |
| Very Large | £250,000 | 112 | £27.0m | 30% |
| **Total** | **-** | **2,927** | **£90.7m[5]** | **-** |

2.2 When introduced, the levy was intended to raise £100m, with levy rates and revenue size bands set accordingly. Some margin of error is expected when forecasting a novel levy, with around 14% of entities in scope having unknown turnover at the point of the forecast being produced.

2.3 During the financial year 2023-24, it became clear that receipts would not meet the £100m target, and spending plans were revised down accordingly based on expected receipts of c.£90m. Total spend in financial year 2023-24 was £90m, reflecting a proportionally small underspend of £0.7m against final receipts. This represents a less than

---

3 To note, collections figures are accurate as of end financial year 2023/24, but subject to (minor) change where levy amounts were either paid late, or where levy amounts were adjusted subject to the provisions of Part 8 of The Economic Crime (Anti-Money Laundering) Levy Regulations 2022. Any adjustments will be confirmed in the 2024/25report.

4 Figures in this table have been rounded to one decimal place.

5 The figures in the 'Receipts' column do not exactly match the figures which would be generated by multiplying the amount charged by the number of entities in each band. This is due to some entities not paying the full charge amount due to movements in or out of scope of the MLRs during the course of the 2022-23 financial year.

1% underspend, which is reasonable and to be expected in the first year of designing a novel levy.

2.4 In response to the shortfall in receipts against the £100m target, at Spring Budget 2024 the levy charge for entities in the Very Large revenue band was increased to £500,000, with effect from April 2024. This measure was taken to mitigate the shortfall and put funding for measures to tackle economic crime back on a sustainable footing, while minimising impact on affected entities.

2.5 By only increasing the rate paid by 'very large' entities, the government ensured that levy rates remained below 0.1% of revenue for all entities (and below 0.05% of revenue for 'very large' entities). As the levy is collected in arrears, this increased rate will be collected in 2025-26 for liabilities incurred in 2024-25, and feed through to government spending in financial year 2025-26.

2.6 Entities were not required to provide detailed information on their business type or sector when making returns for the purposes of paying the levy, and so this report does not provide a detailed sectoral breakdown of entities which were subject to the levy. Entities undertaking regulated financial activities – whether or not their primary business is in financial services – pay the levy to the FCA; regulated casinos pay the levy to the Gambling Commission; and all other MLRs-regulated entities, including professional services entities in the accounting and legal sectors that are not regulated by the FCA, pay the levy to HMRC.

2.7 The choice of levy rates ensures that no entity's levy charge represents more than 0.1% of its UK revenue, in order to minimise the levy's burden on industry. For the financial year 2023-24, the average levy contribution for a liable entity was around 0.025% of reported UK revenue.

## Collection costs

2.8 By agreement with HM Treasury, the FCA and Gambling Commission withhold an agreed amount of levy receipts to cover their own collection costs[6]. In 2023-24, some additional amounts were also retained by agreement to fund one-off set-up costs, including IT system provision.

[6] HMRC's collection costs are not disaggregated from HMRC's broader departmental funding settlement.

# Chapter 3
# Programme Outcomes

## Summary

3.1 In total, £90m was spent in 2023-24 across the six deliverables set out in Table 1.B. This spend included over £40m of capital investment in new technology to support the fight against economic crime, and funding for at least 396 new FTE across the six deliverables in investigatory, intelligence, and policy roles.

3.2 A brief summary of spend against each deliverable for 2023-24 is set out in Table 3.1.

3.3 Spend profiles across the levy period of 2023-2026 are not flat, and some deliverables have significantly higher allocations for 2024-25 and 2025-26 than 2023-24. Spending in 2024-25 and 2025-26 from the levy will continue to support these deliverables and will be detailed in future reports.

3.4 The remainder of this chapter provides a detailed description of spend under each deliverable in 2023-24, including relevant case studies.

## Table 3.A: Economic Crime Levy spend, 2023-24

| Deliverable | 2023-24 Delivery Summary | Spend (£m)[7] |
|---|---|---|
| 1: Investment in state-of-the-art technology | Investment in a range of IT and technology programmes to support SARs processing, asset recovery and cross-system data exploitation. | 42.7 |
| 2: Increase resourcing across the anti-money laundering system | Increased resourcing across various teams increasing knowledge, detection and disruption of Money Laundering and recovery of criminal assets. | 12.7 |
| 3: Fund specialist intelligence teams and expand the Combatting Kleptocracy Cell | Set of investments focused on tackling high end money laundering targeting corrupt elites, professional enablers and supporting cross-HMG sanctions delivery and enforcement. | 25.5 |
| 4: Employ officers and investigators to analyse SARs | Full implementation of officers and investigators across Regional Organised Crime Units and the UK Financial Intelligence Unit. | 6.0 |
| 5: Create intelligence teams and build a new beneficial ownership Technical Assistance Unit | Investments in Companies House and Insolvency Service developing an intelligence hub to fight against economic crime and the build of a DBT Beneficial Ownership Technical Assistance Unit. | 2.1 |
| 6: Setup a dedicated team to work on AML supervision reform | Detailed policy work and completion of a public consultation, on reforming AML and counter-terrorism financing supervision. | 0.3 |
| *Collection Costs* | | 0.7 |
| **Total** | | **90** |

[7] Figures have been rounded to one decimal place and respect the actual spend per EC Levy-funded deliverable.

## Deliverable 1: Investment in state-of-the-art technology

3.5 £19.9m has been invested in IT transformation as part of the Suspicious Activity Reports (SARs) Reform Programme. SARs are the mechanism by which potential criminal activity is reported to the National Crime Agency (NCA) and provide a vital source of financial intelligence. As a result of this investment, the SARs Digital Service has developed a new online portal and an interface for the fourteen largest SARs reporters to use. 273,433 SARs were submitted through the new reporting routes in 2023/24, with almost 20,000 users registered for the new SAR Portal by the end of 2023/24. These new reporting tools enable validation at point of entry and reduce the need to expend effort on post-submission data validation. The new data structure they provide will enable enhanced search and analytics.

**CASE STUDY:**

*The new SARs reporting tools are enabling quicker and higher-quality reporting of SARs from the AML regulated sector, improving the identification and intelligence development of subjects of interest by the NCA and partners.*

*In one recent case, multiple reporters submitted a number of Defence Against Money Laundering (DAML) SARs to return funds while exiting their relationship with the same business. Concerns were held regarding multiple accounts held by the business, which frequently received high value payments that were transferred in and out of the accounts, indicating potential money laundering. Some of these payments were received from the subject of a previous SAR.*

*The UK Financial Intelligence Unit (UKFIU) refused the DAMLs and fast-tracked the intelligence to the relevant law enforcement agency. The law enforcement agency was able to launch an investigation into the business, with the business owner refusing to engage when contacted. The law enforcement agency obtained multiple Account Freezing Orders and forfeitures on all funds in the accounts, totalling over £100,000.*

3.6 £3.4m has been invested in the Asset Recovery IT (ARIT) project, which is developing a successor platform to the legacy Joint Asset Recovery Database, the operational database in England, Wales, and Northern Ireland. This investment allows development of the ARIT service, ensuring our national asset recovery continues uninterrupted.

3.7 £15.6m has been invested in building greater data exploitation capability at the NCA, strengthening the UK's ability to gather, combine and disseminate intelligence on economic crime.

3.8 This investment supported the delivery of the world-leading levy-funded Data Fusion initiative, delivered in collaboration with the private sector. It delivered significant operational outcomes across UK law enforcement and also accrued significant benefits for the private sector, allowing them to more effectively manage their risk. It has been recognised internationally as a world-leading model for financial crime public-private partnerships.

## Deliverable 2: Hire and train more financial crime investigators

3.9 In 2023/24, levy-funded investment has enabled the onboarding of almost 200 full-time equivalent staff, including:

- Over 30 new specialists at the NCA to support the system response to tackling economic crime, including investigators;
- Uplift of an additional team and support staff in GCHQ, to deliver against anti-money laundering intelligence requirements;
- 65 new financial investigators at the City of London Police (CoLP) and across Regional Organised Crime Units (ROCUs);
- 25 new legal, operational and investigative personnel across the Crown Prosecution Service (CPS) and ROCUs, dedicated to improving criminal and civil asset recovery;
- A tech-enabled money laundering threat mitigation unit within HMRC to deliver increased asset recovery; and
- A new pilot Domestic Corruption Unit at CoLP, enhancing intelligence development capabilities and leading proactive investigations, while also providing new insights on the corruption landscape and threat.

**CASE STUDY:**

<u>*Anti-Money Laundering Asset Recovery (AMLAR) operational activity this year has resulted in:*</u>

- ✓ ***£19m in Asset Freezing Orders linked to crypto offences*** *across 5 Defence Against Money Laundering (DAML) / Money Laundering investigations.*
- ✓ *One operation delivering* ***weekly PREPARE disruptions,*** *through partnership working with the FBI to identify victims who are in the early stages of becoming victims of incremental investment fraud.*
- ✓ *7 money laundering operations, relating to: i. crypto investment fraud, ii. sanctions breaches and money laundering offences and, iii. a subject of NCA interest.*
- ✓ ***Advice and support to 17 crypto currency operations across the agency (National Cyber Crime Unit (NCCU) and Child exploitation and Online Protection (CEOP))*** *via NCA Crypto Financial Investigation Manager and Investigation support Single Point of Contact.*
- ✓ *The Illicit Finance Surveillance Team (IFST) have* ***supported 26 illicit finance related operations and mobilised 198 times on surveillance deployments*** *with significant audio and visual evidence obtained.*

## Deliverable 3: Fund specialist intelligence teams and expand the Combating Kleptocracy Cell

3.11 In 2023-24, the levy invested in NCA asset recovery and AML capabilities. Officers analyse collected intelligence, investigate, and recover criminal profits for the public good. It has increased capacity to tackle threats underpinned by shifts in technology.

3.12 This uplift supported the NCA in achieving a 6% increase in its highest impact AML disruptions as well as denying more than £230m of criminal assets, a 27% increase above its 3-year baseline. This could not be achieved without levy funded financial investigators, trained and professionalised by an expanded Proceeds of Crime Centre.

3.13 The Combatting Kleptocracy Cell (CKC) is a unit within the NCA established to investigate elites, proxies and enablers linked to state threat actors and to serious organised crime (SOC), predominately through illicit finance investigations.

3.14 In 2023-24 the CKC achieved over 50 disruptions, including arrests, seizures, and the freezing and forfeiture of assets. In addition to its AML work, the CKC also secured the first charges for the evasion of sanctions on Russia, brought against the former governor of annexed Sevastopol following his arrest by the NCA in January 2024.

3.15 Investment has allowed the CKC to strengthen collaboration and information-sharing with domestic and international partners. This has resulted in improved proactive intelligence sharing and increased coordination with international partners. The CKC has also delivered economic crime upskilling events for partner agencies and published industry alerts; improving understanding of the common techniques used in money laundering.

## Deliverable 4: Employ officers and investigators to analyse SARs

3.16 Suspicious Activity Reports (SARs) are the foundation of the UK's AML intelligence system and are a critical tool for law enforcement to identify and disrupt serious and organised crime (SOC). The UK Financial Intelligence Unit (UKFIU), hosted in the NCA, receives over 850,000 SARs per year, the majority of which are disseminated to law enforcement agencies.

3.17 In addition to the capital investment to legacy IT systems detailed under Deliverable 1, the economic crime levy has now funded:

- 78 FTE in the UKFIU, increasing the volume of financial intelligence referrals and enabling better advice and training for reporters, as well as improving the quality of SARs; and
- An additional 22 FTE across Regional Organised Crime Units (ROCUs), responsible for analysing and investigating SARs and are responsible for 42 arrests to date and c£8m of assets detained and under investigation.

## Deliverable 5: Create intelligence teams in Companies House and Insolvency Service

3.18 More than £2m has been spent operationalising two new intelligence teams, totalling around 30 FTE, in Companies House and the Insolvency Service. These teams are supporting the wide implementation of reforms at Companies House – legislated for in the Economic Crime and Corporate Transparency Act 2023 – by increasing knowledge and understanding of money laundering through UK registered corporate entities. This work will allow Companies House to better detect money laundering taking place through corporate entities, identify the enablers who facilitate it, and disrupt those activities, including through better intelligence sharing across government and with private sector partners.

3.19 In parallel, funding has also been provided for a new Beneficial Ownership Technical Assistance Unit. The Unit's technical assistance efforts have facilitated international cooperation and discussions on beneficial ownership transparency. These efforts have supported the broader goals of the Economic Crime Plan 2023-26 by enhancing transparency over ownership and control of entities and reducing money laundering risks both in the UK and globally.

## Deliverable 6: Setup a dedicated team working on AML supervision reform

3.20 A new team has been established within HM Treasury's Economic Crime and Sanctions Group. Since its establishment, the team has conducted a public consultation on reforming AML and counter-terrorism financing supervision, in line with commitments made in the Economic Crime Plan 2023-26. HM Treasury officials are currently reviewing responses and a government response will be published in due course.

# Chapter 4

# Conclusion and Next Steps

4.1 Since its introduction, the Economic Crime Levy has achieved its objective of providing a new, sustainable source of funding for investment to tackle money laundering and ensure delivery of key reforms to tackle economic crime. In 2023-24, £90m was raised and spent on activity ranging from investment in state-of-the-art technology and IT systems, to the creation of new intelligence and investigation teams to tackle money laundering and build expertise in emerging threat areas. These investments are already producing tangible operational results, some of which have been detailed in case studies throughout this report.

4.2 Following the increase to levy rates for 'very large' entities announced at Autumn Budget 2024, the levy is now forecast to raise around £115m per year from 2025-26 onwards. Discussions on the second round of levy allocations, covering 2026-27 to 2028-29, are ongoing and will be announced to a Spending Review Phase 2 timeline.

4.3 The government intends to continue reporting on an annual basis on the levy's operation, recognising the legitimate interest of the regulated sector in understanding how levy contributions are spent. The government also plans to carry out a comprehensive review of the levy's operation by the end of 2027, to identify opportunities for learning and improvement.

**HM Treasury contacts**

This document can be downloaded from www.gov.uk

If you require this information in an alternative format or have general enquiries about HM Treasury and its work, contact:

Correspondence Team
HM Treasury
1 Horse Guards Road
London
SW1A 2HQ

Tel: 020 7270 5000

Email: public.enquiries@hmtreasury.gov.uk