

Opportunity, Uncertainty for Entities Wishing to Do Business with Iran

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Nuclear Deal with Iran Holds Out Possibility of Phased Relaxation of Sanctions

On July 14, 2015, the United States and five other countries (collectively known as the P5+1) reached a Joint Comprehensive Plan of Action (JCPOA) with Iran under which Iran will limit its nuclear activities in exchange for a gradual lifting of international economic sanctions. The plan builds on the parameters for a JCPOA previously announced on April 2, 2015.

The United States has not lifted existing sanctions, nor does the JCPOA provide Iran with any immediate relief from current U.S. sanctions. Instead, the United States will begin to suspend its nuclear-related economic sanctions in a phased manner after verification of Iran's implementation of the JCPOA by the International Atomic Energy Agency (IAEA). The United States retains the ability to revoke all sanctions relief if Iran fails to meet its nuclear obligations under the deal.

Effect of U.S. Sanctions Relief under JCPOA

Lifting or additional relaxation of U.S. sanctions is not expected to occur until at least early 2016. The U.S. Department of Treasury's Office of Foreign Assets Control ("OFAC") has announced that during this implementation period, sanctions relief currently in effect under the Joint Plan of Action (JPOA) will continue.

OFAC is expected to provide additional guidance on the JCPOA in the near future. Until such guidance is available, key implementation details are unknown. However, the primary impact of sanctions relief under the JCPOA will be the expanded ability of non-U.S. entities and persons to enter into certain transactions with Iran. The United States has also agreed to license non-U.S. entities that are owned or controlled by U.S. persons to engage in such activities, and to permit imports of certain Iranian goods into the United States.

Sectors impacted by the JCPOA include:

- Financial and banking services
- Insurance
- Iranian energy and petrochemical sectors
- Iranian shipping, shipbuilding, automotive, and port sectors
- Supply to Iran of software and metals

The European Union has also already announced the extension of E.U. sanctions relief under the JPOA through January 14, 2016.

Sanctions Relief Currently Available Under the Joint Plan of Action

On November 24, 2013, the P5+1 and Iran announced the JPOA. Under the JPOA, the United States agreed to temporarily suspend certain sanctions for non-U.S. persons not otherwise subject to the Iranian Transactions and Sanctions Regulations (ITSR) involving Iran's sale and purchase of gold and other precious metals; Iran's export of petrochemical products; and the sale and supply or transfer to Iran of goods and services used in connection with its automotive sectors.

U.S. persons, including all U.S. citizens and permanent resident aliens, persons and entities within the U.S., and U.S.-incorporated entities and their foreign branches, along with U.S. owned or controlled foreign entities, continue to be prohibited from conducting transactions

with Iran, including any transactions permitted under the JPOA. U.S.-person transactions continue to require authorization of specific or general license from OFAC. Categories of generally-licensed activities by OFAC are described below.

Transactions with Iran Currently Authorized by OFAC General Licenses

OFAC maintains several “general licenses” under which U.S. persons may enter into specific types of transactions with Iran when all conditions are met. Certain of these general licenses cover exports of particular food items, medicine, and medical supplies. Food and medical items not covered by the general license may be permitted on a case-by-case basis under a special license granted by OFAC.

Other general licenses cover the following (subject to specific conditions):

- Certain services, software, and hardware incident to personal communications
- Certain services in support of NGO activities in Iran
- Certain services in support of sports activities and exchanges between the U.S. and Iran
- Certain academic exchanges and other educational services

Additional Resources

Information on U.S. sanctions, including general licenses and links to the ITSR, may be found here: [OFAC Resource Center on Iran Sanctions](#).

OFAC’s guidance regarding the Joint Plan of Action can be found here: [OFAC Joint Plan of Action Archive](#).

The Joint Comprehensive Plan of Action can be found here.

1. The P5+1 comprises the five permanent members of the U.N. Security Council (China, France, Russia, the United Kingdom, and the United States) and Germany.⁴²

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