**FAQ: Understanding U.S. Sanctions on Iran**

By David Adesnik and Richard Goldberg

1. **What are the different categories of sanctions the U.S. applies to Iran?**

The United States imposes [comprehensive sanctions](https://crsreports.congress.gov/product/pdf/RS/RS20871) on the Islamic Republic of Iran to hold it accountable for its illicit nuclear activities, ballistic missile development, support for terrorism, regional aggression, and human rights violations. This includes primary sanctions, which prohibit U.S. persons from doing business with Iranian partners, and secondary sanctions, which apply to non-U.S. persons conducting business abroad. “U.S. persons” is a term of art that encompasses both citizens and residents, as well as legal persons such as corporations. Sanctions may also apply to aircraft and vessels.

Congress may impose sanctions via legislation, while the president may do so via executive order. Sanctions may forbid transactions with specific persons the U.S. government has designated, or they may apply to entire sectors of the Iranian economy. [Sectoral sanctions](https://www.lawinsider.com/dictionary/sectoral-sanctions) currently apply to numerous key industries in Iran, including oil and energy, shipbuilding, shipping (including port operations), finance, automotive, Iranian rial trading, precious metals, minerals and industrial metals, and textiles and manufacturing. Another important distinction is between conduct-based and status-based sanctions. Whereas conduct-based sanctions affect those engaged in specific activities – such as financing terrorism, supporting the proliferation of weapons of mass destruction, violating human rights, or facilitating illicit oil exports – status-based sanctions may apply to all members of a particular government body, such as the office of Supreme Leader Ali Khamenei.

1. **How do primary sanctions work?**

[Primary sanctions](https://www.sanctions.io/blog/primary-and-secondary-sanctions-explained) prohibit U.S. persons from engaging in certain activities regardless of where the person is located. Primary sanctions also apply to transactions that have a U.S. nexus, meaning that they fall under U.S. jurisdiction at some point, e.g., if they are routed through an American bank. Primary sanctions on Iran are very broad compared to those that apply to other U.S. adversaries. They prohibit virtually all transactions, including a ban on the export of all goods and services, with the exception of humanitarian goods like food and medicine. Uniquely, primary sanctions on Iran apply to [foreign subsidiaries](https://home.treasury.gov/policy-issues/financial-sanctions/faqs/601) of American companies, Penalties for U.S. persons who violate sanctions [include](https://home.treasury.gov/policy-issues/financial-sanctions/recent-actions/20080610) both criminal and civil penalties.

1. **What are secondary sanctions on Iran and how do they work?**

[Secondary sanctions](https://www.sanctions.io/blog/primary-and-secondary-sanctions-explained) apply to non-U.S. persons who transact with the targets of U.S. sanctions. These sanctions apply even if those transactions or dealings do not touch U.S. jurisdiction in any way. For example, if a Greek citizen in Greece conducts a transaction in euros with an Iranian entity subject to U.S. secondary sanctions, the U.S. government may add the Greek citizen in question to its sanctions lists and deny them access to the U.S. economy and financial system. Unlike primary sanctions, secondary sanctions cannot result in legal action or criminal and civil penalties unless a non-U.S. person causes a U.S. person to violate primary sanctions. Nevertheless, the threat of exclusion from the world’s leading economy exerts a powerful influence. Even after the United States withdrew from the Iran nuclear deal in 2018, only a [handful](https://www.fdd.org/wp-content/uploads/2018/09/MEMO_CompaniesinIran.pdf) of European companies continued doing business with Iran, lest they trigger secondary sanctions.

1. **What is the difference between executive and legislative sanctions?**

The International Emergency Economic Powers Act (IEEPA) grants the president [broad authorities](https://home.treasury.gov/system/files/126/international-emergency-economic-powers-act.pdf) to regulate commerce when addressing threats to U.S. national security. Through executive orders, presidents employ these authorities to declare the existence of a national emergency with respect to an unusual and extraordinary threat, then specify the conduct or status that renders a person subject to sanctions as a response to that threat. In such cases, the president also determines the specific penalty associated with sanctions, such as blocking property subject to U.S. jurisdiction or exclusion from the U.S. financial system. The enforcement of executive sanctions is at the discretion of the president.

Congress may also enact new sanctions via legislation that directs the president to use his IEEPA authorities or through legislative measures that create new authorities. Congress may make the application of sanctions discretionary, or it may enact mandatory sanctions that the president has an obligation to apply to all persons that meet the specified criteria. Increasingly, Congress prefers mandatory sanctions; most congressional sanctions on Iran are mandatory, though they provide the president the authority to suspend sanctions temporarily on national security grounds by issuing a waiver notice to Congress. Many of the toughest sanctions on Iran derive from legislation that [broad bipartisan majorities](https://www.senate.gov/legislative/LIS/roll_call_votes/vote1121/vote_112_1_00216.htm) passed over the strong [objections](https://foreignpolicy.com/2011/12/01/menendez-livid-at-obama-teams-push-to-shelve-iran-sanctions-amendment/) of the president, such as sanctions on the Central Bank of Iran and the Iranian financial sector in [Section 1245](https://home.treasury.gov/system/files/126/ndaa_publaw.pdf) of the National Defense Authorization Act for Fiscal Year 2012. See the table at the end of this memo for a list of the most significant Iran-related executive orders and statutes.

1. **Does Congress have a say in when or whether sanctions are lifted?**

Most laws that authorize or mandate sanctions also prescribe criteria and specific processes for their removal, also known as sunset provisions. Most sanctions laws give the president the authority to grant waivers that exempt certain persons from sanctions, usually for a limited amount of time and under specific conditions. Congress may also pass bills that limit the president’s ability to lift or suspend existing sanctions. There are specific rules that govern the lifting of sanctions on Iran pursuant to any nuclear agreement, which Question 6 addresses.

1. **What procedures govern the lifting of sanctions on Iran?**

In general, the president has the authority to rescind sanctions imposed by executive order. Sanctions enacted by Congress must either sunset (i.e., expire) pursuant to criteria established in law, be repealed by Congress, or be suspended via waiver as allowed by the statute.

[The Iran Nuclear Agreement Review Act](https://www.congress.gov/bill/114th-congress/house-bill/1191/text) (INARA) of 2015 established the procedures governing the lifting of sanctions on Iran in conjunction with a nuclear deal. Congress passed INARA with overwhelming bipartisan support shortly before the completion of the original Iran nuclear deal, formally known as the Joint Comprehensive Plan of Action (JCPOA). INARA directs the president, within five calendar days after reaching any agreement with Iran, to transmit to Congress the full text of the agreement along with related materials the law requires. One of the related items is an enumeration of any sanctions to be waived and any individuals or entities to be removed from the sanctions list. After the president transmits this information, there is a 30-day congressional [review period](https://www.congress.gov/bill/114th-congress/house-bill/1191/text) during which “the President may not waive, suspend, reduce, provide relief from, or otherwise limit the application of statutory sanctions with respect to Iran under any provision of law or refrain from applying any such sanctions pursuant to” a nuclear agreement with Iran. In short, the law blocks sanctions relief during the 30-day congressional review period.

During the review period, if Congress passes a joint resolution expressing its disapproval of the proposed agreement, the president may not lift sanctions for at least 12 calendar days following the resolution’s passage. If the president vetoes the resolution of disapproval, he may not lift sanctions for 10 calendar days following the veto, to allow for a potential override. INARA does not set forth the consequences of an override.

1. **What is the difference between nuclear and non-nuclear sanctions?**

U.S. law does not define some sanctions as nuclear and others as non-nuclear. In casual terms, nuclear sanctions include those whose purpose is to prevent Iran from advancing its nuclear program. Some key laws, such as the [Iran Sanctions Act](https://home.treasury.gov/system/files/126/isa_1996.pdf) (ISA) of 1996, specify the conditions Iran must fulfill before the U.S. government may lift sanctions. In the case of ISA, the conditions include an end to Tehran’s pursuit of nuclear weapons and its support for terrorism. The [Comprehensive Iran Sanctions, Accountability, and Divestment Act of 2010](https://home.treasury.gov/system/files/126/hr2194.pdf) (CISADA) also lays out both nuclear- and terror-related criteria for lifting sanctions.

The question of what counts as a nuclear-related sanctions became a focus of debate when the Obama administration pledged it would only lift nuclear-related sanctions—not terror or human rights sanctions—as part of the nuclear deal it was negotiating. Yet the administration never laid out criteria for identifying sanctions that are purely nuclear. Instead, it agreed to lift many sanctions whose termination criteria included both nuclear and non-nuclear conditions. Following congressional review of the JCPOA pursuant to INARA in 2015 (see Question 6), some began using the term “nuclear-related sanctions” to refer to all sanctions listed in [Annex II](https://www.eeas.europa.eu/eeas/nuclear-agreement-%E2%80%93-jcpoa_en) of the JCPOA, which the Obama administration lifted in 2016 as part of the nuclear deal. This, however, was a political definition, not a statutory one.

In 2019 and 2020, the Treasury Department specifically designated certain entities listed in Annex II of the JCPOA for their financing of terrorism. The designees include the Central Bank of Iran, the National Iranian Oil Company, and the National Iranian Tanker Company. Thus, the provision of sanctions relief to any of these entities would entail the lifting of terrorism sanctions, not just nuclear sanctions.

1. **Will the new Iran deal lift only “nuclear-related” sanctions?**

The answer will not be clear until the two sides reach a final agreement, yet the administration has hinted it is inclined to lift non-nuclear sanctions. First, the administration [debated](https://www.politico.com/news/2022/05/24/biden-final-decision-iran-revolutionary-guard-terrorist-00034789) internally whether to reverse the designation of Iran’s Islamic Revolutionary Guard Corps (IRGC) as a Foreign Terrorist Organizations (FTO), a status that entails a range of sanctions. The president reportedly ruled out this concession, yet there remain several ways in which the U.S. government could technically maintain the FTO designation while mitigating its effects. For example, it could [narrow the designation](https://www.fdd.org/analysis/2022/07/26/how-congress-can-keep-biden-from-caving-to-irans-demands/), so it only applies to a single component of the IRGC, the Quds Force.

Almost immediately after taking office, administration officials began to employ a new distinction between sanctions that are “consistent” or “inconsistent” with reviving the nuclear deal. There is no statutory basis for this distinction. Rather, it refers to the administration’s assessment of whether certain sanctions would hamper its efforts to secure Iranian compliance with the JCPOA. While it is difficult to discern the administration’s exact intention, it appears to be [signaling](https://www.worldecr.com/news/us-says-it-might-drop-iran-sanctions-inconsistent-with-jcpoa/) that maintaining sanctions on the most economically significant entities in Iran — e.g., the Central Bank of Iran and the National Iranian Oil Company — is not consistent with reaching a new nuclear deal. In the case of the central bank, the Treasury Department imposed sanctions on both the bank itself and key officials for deep and direct involvement in financing Hezbollah, Hamas, and other terrorist organizations.

1. **What terrorism sanctions are currently imposed on Iran?**

Terrorism sanctions typically refer to sanctions imposed on individuals or entities pursuant to Executive Order 13224, which President George W. Bush signed in 2001. E.O. 13224 applies to persons that have committed or pose a significant risk of committing acts of terrorism, as well as their facilitators and entities under their ownership or control. These individuals and entities are known as Specially Designated Global Terrorists (SDGT). The U.S. government has sanctioned more than 300 Iran-connected companies, institutions, and individuals for pursuant to E.O. 13224.

Terrorism sanctions may also refer to sanctions resulting from a group’s listing as a Foreign Terrorist Organizations (FTO). U.S. law imposes severe criminal and civil penalties on those that provide support to an FTO. The U.S. government designated the IRGC as an FTO in 2019. It also designated Iran as a State Sponsor of Terrorism in 1984.

Additionally, terrorism sanctions may refer to special restrictive measures that the Treasury Department’s Financial Crimes Enforcement Network may impose under Section 311 of the USA PATRIOT Act. In 2011, the Obama administration issued a draft finding that Iran was a primary jurisdiction of money laundering concern pursuant to Section 311. The Trump administration issued a final rule in 2019 affirming the draft finding.

Finally, terrorism sanctions may refer to sectoral sanctions targeting sectors of Iran’s economy that provide financial or material support to terrorism and/or the IRGC. Those sectors that FDD identified as supporting terrorism include the financial, energy, construction, mining, mineral, industrial metals, automotive and petrochemical sectors of Iran.

More information on terrorism sanctions imposed on Iran is available on the [FDD website](https://www.fdd.org/2021/01/25/biden-congress-should-defend-terrorism-sanctions-imposed-on-iran/). The website also examines the differences between SDGT and FTO designations and their application to Iran.

1. **What are missile sanctions?**

Missile sanctions typically refer to sanctions imposed on individuals or entities pursuant to Executive Order 13382, which President Bush signed in 2005. The sanctions apply to those that have engaged or attempted to engage in activities or transactions that contribute to the proliferation of weapons of mass destruction or their means of delivery (including missiles capable of delivering such weapons). The U.S. government has sanctioned more than 250 Iran-connected companies, institutions, and individuals for their connection to the Islamic Republic’s missile program.

Missile sanctions may also refer to sector-based sanctions targeting sectors of Iran’s economy that provide financial or material support to Iran’s missile program. Those include the energy, construction, mining, industrial metals, automotive and petrochemical sectors of Iran.

More information on missile sanctions imposed on Iran is available on the [FDD website](https://www.fdd.org/analysis/2021/04/27/biden-congress-should-defend-missile-sanctions-imposed-on-iran/).

1. **What are United Nations sanctions on Iran, and can expired sanctions be restored?**

From 2006–2010, the United Nations Security Council passed a series of resolutions imposing sanctions and restrictions on Iran, including authorizing member states to take actions necessary to enforce those resolutions. These sanctions included formal designations of individuals tied to Iran’s nuclear and missile programs, a conventional arms embargo, a missile embargo, a ban on testing nuclear-capable missiles, and a demand to halt all enrichment-related activities. In 2015, UN Security Council Resolution (UNSCR) 2231 amended prior resolutions to allow the arms embargo to expire in 2020 and the missile embargo and individual designations to expire in 2023. UNSCR 2231 also removed the missile testing ban, and withdrew previous demands that Iran cease all enrichment. However, these changes are subject to reversal through a mechanism known as “snapback.” The snapback provision of UNSCR 2231 allows any original participant in the JCPOA to restore all prior resolutions on Iran by notifying the Security Council that Iran is in significant non-performance of its JCPOA commitments. Following a notification, the council has 30 days to pass a resolution rejecting the complaint and keeping UNSCR 2231 intact — otherwise the snapback takes effect. By employing its veto, any permanent member of the Council can block such a resolution, thereby ensuring a snapback.

More information on the snapback of UN sanctions is available [FDD website](https://www.fdd.org/in-the-news/2020/07/09/faq-the-snapback-of-un-sanctions-on-iran/).