

## **Introduction**

The Treasury has issued this guidance to assist in the implementation of, and compliance with the Lebanon (Sanctions) (EU Exit) Regulations 2019, as those Regulations have effect in the Isle of Man.

The policy of the Isle of Man Government is to maintain the implementation of international sanctions measures in the Isle of Man in line with such measures have effect in the United Kingdom from time to time.

## **Legislation**

The Lebanon (Sanctions) (EU Exit) Regulations 2019 have effect in the Isle of Man by the Lebanon Sanctions (Application) Regulations 2020 [SD 2020/0492] (“the Regulations”).

This document contains guidance on the prohibitions and requirements imposed by the Regulations. In addition it provides guidance on best practice from complying with the prohibitions and requirements; the enforcement of them; and circumstances where they do not apply.

## **Further guidance**

This document should be read alongside the [Financial Sanctions guidance](#).

## **Contact details for enquiries**

Enquiries concerning this Notice may be made by –

- Email [customs@gov.im](mailto:customs@gov.im)
- Telephone 01624 648109

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## **1. Prohibitions and requirements imposed by the Regulations**

These Regulations impose trade sanctions and will ensure the Isle of Man implements the relevant UN obligations under United Nations Security Council Resolution 1701 (2006)

(UNSCR 1701). UNSCR 1701 includes the implementation of an arms embargo to prevent the supply of arms and related materiel into Lebanon without the authorisation of the Government of Lebanon.

In order to achieve their stated purposes, the Regulations impose a number of prohibitions and requirements in order to enforce these, the Regulations establish penalties and offences. These are set out in detail in the Annex.

The sanctions imposed by these Regulations apply within the territory of the Isle of Man (IOM) and in relation to the conducts of all Island persons wherever they are in the world. Island person includes -

- (a) a British citizen, a British overseas territories citizen, a British National (Overseas) or a British overseas citizen who is resident in the Isle of Man;
- (b) a person who under the British Nationality Act 1981 (of Parliament)<sup>1</sup> is a British subject who is resident in the Isle of Man;
- (c) a British protected person within the meaning of that Act who is resident in the Isle of Man; or
- (d) a body incorporated under the law of the Isle of Man;

The maritime enforcement powers contained in Part 6 of the Regulations apply in relation to British ships in international or foreign waters, ships without nationality in international waters and foreign ships in international waters.

It is prohibited to intentionally participate in any activities if you know that the object or effect of them is to directly or indirectly circumvent the prohibitions imposed by these Regulations or to enable or facilitate the contravention of those prohibitions.

If you are unclear about any aspects of the Regulations, in particular about whether action you are considering taking could contravene these Regulations, you are advised to seek independent legal advice.

Prohibitions and requirements for financial sanctions contained in these Regulations are set out below.

## **1.1 Trade Sanctions**

The Regulations impose trade prohibitions relating to military goods and military technology (as specified in Schedule 2 to the Export Control Order 2008). The text below specifically relates to military goods and military technology.

There are circumstances (set out in the relevant lists of controlled items) in which certain items are not controlled, for example when body armour or a helmet is accompanying a person for that person's own protection. Please check the relevant lists as applicable.

Further detail on these trade prohibitions, including key terminology used, is explained below. Please have regard to the relevant legislation which contains full definitions of terms used herein.

For general guidance on export controls and trade sanctions, visit the [Export Control Joint Unit](#) website (the Isle of Man imposes the same export and trade controls as the UK).

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<sup>1</sup> 1981 Chapter 61.

## **Export of goods**

The concept of "export" is set out in customs legislation, but is further detailed in the Regulations, which clarifies that "export" means export from the Isle of Man, but does not capture where goods are removed to the United Kingdom from the Isle of Man.

The export prohibition in the Regulations covers export to Lebanon as well as exports that are for use in Lebanon. This means that, even if the immediate destination is not Lebanon, the prohibition may still apply. Exporters should check the ultimate end use of goods and may apply for a licence or contact the Export Control Joint Unit (ECJU) if you know or think the items may be used in Lebanon.

For general guidance on export controls and trade sanctions, visit the Export Control Joint Unit website (the Isle of Man imposes the same export and trade controls as the UK).

## **Supply and delivery of goods**

Supply and delivery prohibitions in the Regulations prohibit a person from directly or indirectly supplying or delivering goods from a third country to a place in Lebanon. Regulation 8(4) specifies that a third country is a country that is not the Isle of Man, UK or Lebanon.

## **Making goods and technology available**

Prohibitions in the Regulations on making goods and technology available (e.g. through a sale) include directly or indirectly making them available for use in Lebanon or to a person "connected with" Lebanon. Regulation 6(4) sets out when a person is to be regarded as "connected with" Lebanon (and this applies where the term is used in other trade prohibitions in this Part of the Regulations).

## **Transfer of technology**

Prohibitions in the Regulations on the transfer of technology include transfer to a place in Lebanon or a person "connected with" Lebanon.

The term 'transfer' means a transfer by any means (or combination of means), including oral communication and the transfer of goods on which technology is recorded or from which it can be derived, other than the export of such goods.

Where military technology is contained within a good, it would be classified as a military good under the accompanying goods-related provisions. This includes information contained on USB memory devices, laptops, tablets and the like.

## **Technical assistance**

The term 'technical assistance' in relation to goods or technology is defined in regulation 6, which states that it means:

- technical support relating to the repair, development, production, assembly, testing, use or maintenance of the goods or technology, or
- any other technical service relating to the goods or technology

Prohibitions apply where the technical assistance relates to certain specified (military) goods or technology.

The prohibitions apply to the direct or indirect provision of such technical assistance (1) to persons "connected with" Lebanon or (2) for use in Lebanon.

This means that, even if the person to whom you are providing the relevant technical assistance, is not in or "connected with" Lebanon, the prohibition may still apply if the goods or technology to which the technical assistance relates, are for use in Lebanon. Therefore, if you are providing technical assistance you should check whether the goods or technology may be used in Lebanon and apply for a licence or contact ECJU if so.

### **Financial services and funds**

'Financial services' refer to any services of a financial nature in many different forms including insurance and banking. Financial services include payment and money transmission services. The full definition of 'financial services' can be found in [Section 61 of the Sanctions Act](#).

'Funds' means financial assets and benefits of every kind, including cash, securities and interest. The full definition of 'funds' can be found in [Section 60 of the Sanctions Act](#).

Trade sanctions prohibitions on the provision of financial services and funds apply where they relate to certain specified goods or technology.

Prohibitions in the Regulations on the provision of financial services and funds prohibit the direct or indirect provision of financial services, and the direct or indirect making available of funds to persons connected with Lebanon in pursuance of or in connection with an arrangement set out in the Regulations. This captures arrangements where the object or effect falls into one of the prohibitions, for example export of goods, or the direct or indirect supply or delivery of goods.

These prohibitions also prohibit the direct or indirect provision of financial services in pursuance of or in connection with specific arrangements, as set out in regulation 12(3).

### **Brokering services**

The definition of 'brokering services' is set out in regulation 6, which states that it means any service to secure, or otherwise in relation to, an arrangement, including (but not limited to):

- the selection or introduction of persons as parties or potential parties to the arrangement
- the negotiation of the arrangement
- the facilitation of anything that enables the arrangement to be entered into, and
- the provision of any assistance that in any way promotes or facilitates the arrangement

The Regulations prohibit the direct or indirect provision of brokering services where they relate to specific arrangements. Those arrangements are set out in regulation 13.

For general guidance on export controls and trade sanctions, contact the [Export Control Joint Unit](#)

## **1.2 Information and Record Keeping**

Part 4 of the Regulations places obligations on relevant firms (the definition of which is set out in the Regulations) to report information to the Treasury about known or suspected designated persons or about persons who may have committed an offence under specified provisions of the Regulations. The Treasury has designated the Financial Intelligence Unit (FIU) as the body to whom reports should be made, via THEMIS.

It also grants powers to the Treasury to request information from, amongst others, a designated person, including powers to request the production of documents. It also establishes offences for failing to comply with these requests (including providing false information in respect of licences).

Part 4 also establishes information powers and record-keeping responsibilities in relation to the trade sanctions contained in the Regulations. It provides for offences for failing to comply with any of those requirements or intentionally obstructing an official in the exercise of those powers.

If you have obligations or responsibilities under Part 4 of these Regulations, it is important that you familiarise yourself with them. If you are unclear of your obligations or responsibilities, you are advised to seek independent legal advice.

## **2. How will these sanctions measures be enforced?**

The Regulations make it a criminal offence to contravene the trade and financial sanctions, as well as to enable or facilitate a contravention of, or to circumvent, any of the prohibitions in the Regulations. They also set out the penalties that apply to such offences.

In addition to the below, further details on offences and penalties can be found in the Annex.

### **2.1 Trade Sanctions**

Any breach of the prohibitions relating to the trade sanctions contained in the Regulations is triable either way and carries a maximum sentence of 10 years' imprisonment or a fine (or both).

The Treasury is responsible for enforcing the trade prohibitions and investigating suspected offences.

If you discover that you have breached any of the trade prohibitions, you should report the irregularity to the FIU as soon as possible.

You should provide:

- details of the export or transaction, including dates
- any relevant documents, such as export documentation and commercial invoices
- details of how the breach was discovered, why it occurred and what steps you have put in place to ensure it does not happen again.

## **3. Are there circumstances when I can get an authorisation or licence for a sanctioned activity?**

Licensing and exception provisions are contained in Part 3 of the Regulations

### **3.1 Exceptions**

The Regulations set out exceptions to some of the sanctions prohibitions which apply within certain defined circumstances. An exception applies automatically, and does not require you to obtain a licence issued in accordance with the Regulations.

If you are unsure whether an exception applies in your circumstances, you are advised to seek independent legal advice.

### **3.2 Licensing for trade sanctions**

Licenses may also be issued for certain trade activities that would otherwise be prohibited by the Regulations.

The Treasury is responsible for administering the licensing provisions for all trade sanctions. In exercising these powers, the Treasury seeks and considers advice from other Isle of Man and United Kingdom government departments.

In making decisions on whether to grant a licence to permit something which would otherwise be prohibited under Part 6 of the Regulations, the Treasury will consider each application on a case-by-case basis to determine whether granting a licence would be consistent with the stated purposes of the sanctions regime and any UN or other relevant international law obligations.

For some prohibitions there are specific activities which the UK's Department for International considers are likely to be consistent with the aims of the sanctions

These can be found here (section [3.2](#)). If you think that your proposed activity falls within one of these specific descriptions you should make this clear and explain why you believe this to be the case in your application for a licence.

You should not assume that a licence will be granted or engage in any activities prohibited by the trade sanctions until your licence has been granted.

When you export goods, you may need to submit an electronic export declaration via the National Export System (NES), part of the Customs Handling of Import and Export Freight (CHIEF) system. Guidance is available on [how to make an export declaration](#)

### **3.3 Overlap with strategic export licensing**

#### **Military goods and technology**

Please note that the export of and trade in military goods and technology are also controlled under the Export Control Order 2008 and so you may also need a licence which is valid under that legislation. This means that all licence applications relating to military goods and technology will also need to be considered against the [strategic export licensing criteria](#). A licence under the Regulations is unlikely to be granted if a licence is refused for the same activity under the Export Control Order 2008.

The way this will work in practice is that we will consider an application for a licence which relates to activities that are licensable under both the Regulations and the Export Control Order 2008 as an application for a licence under both pieces of legislation. This means that only a single licence application is required.

The application will be considered against the relevant licensing criteria. If a licence is granted it will be valid under both the Export Control Order 2008 and the Regulations.

## **Transit control**

Certain goods transiting the Isle of Man/UK are still regarded as being exported when they leave the country and are therefore subject to control. Article 17 of the Export Control Order 2008 includes a transit and transshipment exception meaning that in many situations a licence is not required. This exception does not apply to goods destined for Lebanon, meaning that a licence is required to transit goods through the Isle of Man/UK or to transship them in the Isle of Man/UK with a view to re-exportation to Lebanon.

### **4. Further information**

Sign up to receive [Notices to Exporters](#) for updates on trade sanctions.

To receive an email alerting you to any changes to the consolidated list of financial sanctions targets, you can subscribe to the Customs & Excise [News feed](#)

## Annex A

### Table of trade sanctions offences

<b>Type of Sanctions offences</b>	<b>Specific offence</b>	<b>Relevant prohibition or requirement</b>	<b>Maximum penalty</b>
Breach of controls on exporting military goods	Exporting military goods	Reg. 7 Offence contained within Customs and Excise Management Act 1986 s 69	<p>Liabe on summary conviction To a penalty of £5,000 or of three times the value of the goods whichever is the greater, or to imprisonment for a term not exceeding 6 months, or to both.</p> <p>Liabe on conviction on information</p> <p>To a penalty of any amount, or to imprisonment for a term not exceeding 10 years (this a modification to the 7 year maximum set out in the Customs and Excise Management Act 1986</p>
Breach of controls on military goods and technology	<ol style="list-style-type: none"> <li>1. Supplying or delivering military goods.</li> <li>2. Making military goods and technology available.</li> <li>3. Transferring military technology.</li> <li>4. Providing technical assistance relating to military goods or military technology.</li> <li>5. Providing financial services or funds relating to military goods or military technology.</li> <li>6. Providing brokering services relating to military goods or military technology.</li> </ol>	<ol style="list-style-type: none"> <li>1. Reg.8</li> <li>2. Reg.9</li> <li>3. Reg.10</li> <li>4. Reg.11</li> <li>5. Reg.12</li> <li>6. Reg.13</li> </ol>	<p>Liabe on summary conviction</p> <p>To imprisonment to a term not exceeding 12 months or a fine (or both).</p> <p>Liabe on conviction on information</p> <p>To imprisonment for a term not exceeding 10 years or a fine (or both).</p>
Circumvention etc. of prohibitions	Intentionally participate in activities knowing that the object or effect of them is, whether directly or indirectly to circumvent any of the prohibitions in regs. 7-13 (Trade) or to enable or	Reg. 14	<p>Liabe on summary conviction</p> <p>To imprisonment to a term not exceeding 12 months or a fine (or both).</p>

	facilitate the contravention of any such prohibition.		<p>Liable on conviction on information</p> <p>To imprisonment for a term not exceeding 10 years or a fine (or both).</p>
Licensing Offences	<p>a. Knowingly or recklessly:</p> <p>i. Providing information that is false in a material respect, or</p> <p>ii. Providing or producing a document that is not what it purports to be, for the purpose of obtaining a trade licence.</p> <p>b. Purporting to act under the authority of a trade licence but failing to comply with any condition contained in the licence.</p>	Reg. 18	<p>Liable on summary conviction</p> <p>To imprisonment to a term not exceeding 12 months or a fine (or both).</p> <p>Liable on conviction on information</p> <p>To imprisonment for a term not exceeding 10 years or a fine (or both).</p>
Information Offences	<p>1. Failing to comply with record keeping requirements in reg. 45 and 46.</p> <p>(a) Intentionally obstructing an official in the performance of any of the official's functions</p> <p>(b) Failing to produce a register, record or document when reasonably required to do so by an official.</p>	<p>1. Reg. 20</p> <p>2. Reg. 21</p>	<p>Liable on summary conviction</p> <p>To imprisonment to a term not exceeding 12 months or a fine (or both).</p> <p>Liable on conviction on information</p> <p>To imprisonment for a term not exceeding 10 years or a fine (or both).</p>