

WTS Customs Newsletter



Editorial

Dear reader,

We welcome you to our latest edition of the WTS Global Customs newsletter.

I am not sure how you feel in these times - when I go through headlines and articles every morning, I definitely more than before long for positive, good news. It seems to be rare with ongoing war, inflation, hunger, COVID 19, etc.

Of course, I do not want to give the impression that customs and export control news is as important as any of those topics. Yet, I am happy that we have at least some positive news about facilitation in trade and customs.

A good effect of COVID 19, in my view, has been how the necessity of digitization has been speeded up. In China, for example, the export tax refund process is now much easier, as you can read in the article by our WTS China colleagues. The E-application is in full force, the foreign exchange income proof has been removed and the process is now faster with additional credits being granted.

Paolo Dragone of WTS R&A Italy describes a similar scenario for Italy. Italian customs have undertaken a project to digitize the customs processes. Exchange of communication will now be possible in XML format. The SAD will no longer be necessary. While this is a positive step, Paolo also reflects on the possible challenges this might have on the deduction of paid taxes upon import.

Of course, we also have another Brexit update. Arjen Odems and Maartje Meijer report about a further delay with the introduction of border controls for certain products. The second part of their article covers the introduction of the new IT system, CDS, which will replace CHIEF for import declarations from 1 October this year and for exports from 1 April 2023. Please read their recommendations in this respect.

Our WTS Vietnam colleagues report on new goods labeling legislation. They describe the necessities for imported, exported and locally distributed goods. As fines and penalties can be incurred when not following these rules, I strongly recommend reading this article.

Since export control has gained such an enormous importance in recent years, we have of course also some updates for you regarding the Russia-Ukraine conflict from an EU perspective. Our export control experts Jim Huish and Steve Wilcox of FTI Consulting give you valuable practical advice whereas Markus Wieners and Judith Brandl of WTS Germany take a closer look at the legislative aspects.

We do hope that this content is interesting for you and meets your expectations.

Enjoy reading the newsletter and stay safe!

Best regards,
Kay Masorsky

Contents

China: Export tax rebate made easy	4
Italy: The contrast between the digitalization of the bill of import and the requirements for deducting Import VAT.....	5
United Kingdom: Brexit 2022 update – 2	6
Vietnam: Goods labeling	7
UK/EU: EU Sanctions developments on Russia/Ukraine	8
Germany/EU: Restrictive measures against Russia and Belarus due to the war of aggression against Ukraine – Current developments	11

Please find the complete list of all contacts at the end of the newsletter.

China



Export tax rebate made easy

The Chinese tax authorities have laid out measures to streamline the process for export tax rebates, which have proved effective in reducing operating costs and easing cash shortages for exporters, following the policies issued in late April 2022 by State Administration for Taxation (SAT) and nine other bodies (in the circular Shui-Zong Huo-Lao-Fa [2022] No. 36 and SAT Announcement [2022] No. 9).

The export tax refund process used to be heavily paper-based, requiring cumbersome submissions, especially the proof of foreign exchange income. The policies have now been adjusted as follows:

1. E-application in full force

All export tax rebate tasks can now be processed online, including refund registration, claims or certification. The paper submission remains possible but is no longer mandatory.

2. Digital documentation accepted

For all export rebate claims, applicants are allowed to store all mandatory documents digitally if not in the form of paper dossiers, which can include contracts, invoices, shipping documents, and agent engagement documents. By going digital, applicants can simply maintain a logbook to record the documents' dates, types, format and locations, to be ready for any tax authority inspection.

3. Forex income proof removed

Perhaps the most heartening amendment is the removal of the need for submitting the proof of foreign exchange income when claiming export tax rebates, except in two circumstances:

- a) Applications of "class-four-rated" exporters (which are poor performers); or
- b) Applications submitted beyond the annual deadline, i.e. April of the following year.

4. Faster and extra refunds

Tax rebates have also been made faster and more lenient than before in the following sense:

- Faster refund: The refund lead-time has been shortened to six days, which is one day quicker than before.
- Additional credits: Processing trade manufacturers are allowed to utilise their "irrecoverable input VAT", which occurs due to the variance between the VAT rate and the refund rate, as an additional credit if the refund rate is raised to the same level as the VAT rate.

5. Leverage of export credit insurance

Export tax rebates will be better aligned with export credit insurance. For example, insurance indemnity paid to exporters, in a failed export deal, can also be accepted as a foreign exchange receipt to support an export tax rebate application. This allows more exporters to qualify for export tax rebates.

Italy



The contrast between the digitalization of the bill of import and the requirements for deducting Import VAT

In the context of the modernisation process of national customs systems, the Italian Customs Agency has undertaken the so-called "re-engineering of AIDA" (Integrated automation of excise customs) project in accordance with the EU provisions.

This reengineering process, whose release deadline, for customs declarations for imported goods, is set at 9 June 2022, provides for a radical restructuring of processes to seize the opportunities offered by real "digitization".

Among the main innovations, the re-engineered AIDA system will allow the exchange of messages of the new tracks (H1, H2, H3, H4, H5, H6 and H7) **in the XML extension** via web services.

The exchange of data in the form of new electronic messages for import customs declarations will represent the actual customs declaration, and so **will eliminate the need to print the SAD (customs declaration)**.

The SAD's absence affects the customs documentation management and control procedures usually carried out by the operators as well as the related tax obligations, including registering the customs document.

In fact, with AIDA's re-engineering, the use of a form (such as the SAD) will not be envisaged either for the presentation or for the printing of the declaration. Therefore, since there is no longer a SAD, there will no longer be a document verifying the correctness of the data contained in the customs declaration, nor a document to be filed pursuant to Article 25 of Presidential Decree 633/72 (Italian VAT Code).

As regards VAT profiles, for the need to proceed with the deduction of the tax paid on import, in the absence of a document, what is established by article 52 of the EU Reregulation n.282 of 2011 should be noted, in particular *"If the importing Member State has introduced an electronic system for completing customs formalities, the term "document proving the import" referred to in Article 178, letter e) of Directive 2006/112 / EC includes the electronic version of the same, provided that this allows a control of the exercise of the right as a deduction."*

According to this rule, the electronic version of the import bill supports the exercise of the right to deduct the Import VAT; however, the question of its consultation and the immediate availability of its content for verification still remain unanswered.

This last aspect was recently clarified by the Customs Agency, which specified on 22 April 2022 that a new service is soon to be released that will allow importing entities to access the declarations, allowing the printing of a courtesy copy of the bill of import that contains the declaration's relevant data.

Paolo Dragone
paolo.dragone@
ra-wts.it

United Kingdom Brexit 2022 update - 2



The UK is progressing to the next implementation stage of the Border Model and the lodging of customs declarations.

Introduction of controls on UK imports delayed

In the previous edition of this newsletter, we informed you about the phased approach that the UK government was using to implement border controls between the EU and the UK following Brexit.

The intention was to introduce further controls on sanitary and phytosanitary products as well as 'organic' products originating from the EU from 1 July 2022. Shortly after publishing our newsletter, the UK government announced that the introduction of these controls would be further delayed again.

The UK government announced that the remaining import controls on goods coming from the EU will not be introduced this year. It is expected that these controls will enter into effect from 1 January 2024, when new automation controls solutions should be in place. This means that the following controls originally scheduled for July 2022 will not be introduced:

- Sanitary and Phytosanitary (SPS) checks on EU imports at the Border Control Post;
- Safety and Security declarations on imports from the EU;
- Health certification and SPS checks on imports from the EU;
- Prohibitions and restrictions on the import of chilled meats from the EU.

The controls that have been introduced previously, such as the pre-lodgment notifications via the goods vehicle movement service (GVMS), the pre-notifications for sanitary and phytosanitary goods, and the requirement to register for the importation and trade of organic products, all remain in place.

CHIEF to be replaced by CDS

The Customs Declaration Service (CDS) is the UK government's new electronic system for handling customs declaration processes. CDS is replacing the Customs Handling of Import and Export Freight (CHIEF) system. The services on CHIEF will be withdrawn in two stages:

- 30 September 2022: import declarations close on CHIEF;
- 31 March 2023: export declarations close on CHIEF/National Exports System (NES).

From these dates, all businesses will need to lodge any customs declaration using CDS. The main difference between CHIEF and CDS is that completing a CHIEF declaration is geared towards paper completion and has several boxes that accept data in a free text format. In CDS, most data elements are restricted to code format other than name and address fields. This means that customs agents need to (re)model their IT systems to CDS codes to declare goods through CDS.

As CDS is already available to lodge UK customs declarations, it would be advantageous for businesses to already start using CDS for their customs declarations. However, due to a

number of circumstances, many customs agents have not been able to migrate their systems from CHIEF to CDS yet and are therefore unable to lodge customs declarations through CDS.

Arjen Odems
odems@cutraco.com

If businesses would like to continue importing and exporting in the UK, then it is pertinent that they engage with a customs agent that has the capability and knowledge to use CDS. Therefore, it is very important that they check if their customs agent is capable of lodging customs declarations through CDS or find a customs agent that already does.

Maartje Meijer
meijer@cutraco.com

Customs and Trade Consultancy can support with reviewing whether the customs clearing agents are ready for CDS and/or support with lodging customs declarations via CDS.

Vietnam



Goods labeling

Decree 111/2021/NF-CP on goods labeling came into effect on 15 February 2022 and has eliminated some uncertainties. Three situations are discussed below.

1. Import into Vietnam

For import into Vietnam, the goods labeling must include the information on the name and the origin of the goods and the name or abbreviation of the organisation or individual that produces or is responsible for such goods in the exporting country. The label can be in any language.

2. Distribution in Vietnam

For distribution of the goods in Vietnam, the label must be in Vietnamese and must include the information on the name and the origin of the goods and the name and address of the organisation or individual responsible for the goods. The full name and address may be included in the documents attached to the goods if they are not on the label. Depending on the type of goods, additional information is required. For example, genetically modified food must be labeled including the following information: quantity, date of manufacture, expiry date, ingredients or ingredient quantities, warnings, and the words: "genetically modified food" or "genetically modified" beside the name of the genetically modified ingredients and their content. This label can be attached to the goods after importation.

3. Export from Vietnam

For export from Vietnam, the label must comply with the requirements of the country to which the goods are exported.

The label content must not show any picture or information relating to sovereignty disputes or other sensitive content that might affect the security, politics, economy, society, diplomatic relations, and traditions of Vietnam.

If the goods' origin cannot be identified, then the label must present the place where the final processing step has been undertaken such as: "assembled at", "bottled at", "mixed at", "completed at", "packed at", "labeled at".

Vo Thi Xuyen
vo.thi.xuyen@
lawyer-vietnam.com

Pursuant to Decree 128/2020/ND-CP on the penalties for administrative violations in the customs sector, besides the monetary fine, the remedial measure of requesting the enterprise to re-export the goods out of Vietnam might be enforced for imported goods that do not satisfy the required information on the label.

Nguyen Ngoc Tuyet Van
nguyen.ngoc.tuyet.van
@lawyer-vietnam.com

Goods with labels complying with the old regulations that have been manufactured, imported, or circulated in Vietnam before 15 February 2022 can be distributed until the expiry date indicated on the label.

UK/EU



EU Sanctions developments on Russia/Ukraine

Since 2014, the European Union ("EU") has progressively imposed restrictive measures against Russia in response to the illegal annexation of Crimea. As a result, the EU imposed a range of economic measures which included targeted economic sanctions (asset freezes and lending restrictions) as well as travel bans on certain listed entities and individuals, in addition to restrictions on economic relations with Crimea, Sevastopol and the separatist-controlled areas of Donetsk and Luhansk oblasts. These included import ban on goods from the two regions, restrictions on trade and investments related to certain economic sectors, a prohibition to supply tourism services, and an export ban for certain goods and technologies.

One year after the annexation of Crimea, Russia began increasing its military presence in Ukraine. In December 2021, the Russian Federation started assembling troops along its border with Ukraine, building up to the existing conflict. In February 2022, Russia ordered troops into the Donetsk and Luhansk regions of Ukraine, after recognising them as independent and disregarding the Minsk peace agreements. In response to continuing hostile activity by Russia and to encourage Russia to cease actions destabilising Ukraine, or undermining or threatening the territorial integrity, sovereignty or independence of the country, the EU published new restrictive measures. In the days following the Russian invasion of Ukraine on 24 February 2022, the Bloc responded with a raft of sanctions of unforeseen severity which far exceed the measures previously in place.

Challenges for corporates

The EU has restricted the supply of dual-use items to any person/ entity in Russia or Belarus or for use in Russia or Belarus. The restrictions also include standard prohibitions on providing technical assistance, brokering and other services related to dual-use items. The new measures also prohibit the export of a wide variety of items beyond the Dual-Use List, including a wide variety of electronics, computers, telecoms, information security, sensors and lasers, navigation and avionics, marine, and aerospace items. The EU also prohibited mass market encryption items for supply to Russian persons or for use in Russia.

Apart from the existing restrictions, increased scrutiny will be expected by parties dealing with or doing business in Russia, Belarus, and Eastern Ukraine (e.g., increased due diligence on end-to-end supply chains, end users, ownership structures, entities and individuals with connections to Russian oligarchs and other elites).

Corporates should assess their end-to-end supply chain to evaluate how the new restrictions impact their business activities. Also, corporates should make sure their compliance programme is effective and comprehensive to respond timely to the latest restrictions and due diligence requirement. A few examples of how companies could achieve this are:

- Conducting an overall health check on their export controls and sanctions compliance programmes in order to test and assess performance and identify any potential gaps.
- When conducting due diligence and reassessing existing clients, companies should aim to take their research further and perform additional investigation by examining Russian-language databases to ensure that complex corporate networks of entities are understood, and ultimate beneficial owners (UBOs) are identified.
- As part of enhancing and aligning their existing compliance programme to current regulatory requirements, companies should consider developing their own internal programmes to help identify red flags which may indicate avoidance attempts - diversion to or transactions with sanctioned or restricted parties or locations.

How to approach the current sanctions climate?

1. Understand the sanctions exposure

Companies should prioritise understanding the size and nature of their existing exposure to Russia and Belarus and, conversely, their sanctions risk. Considering their location and proximities (whether geographic or cultural) to Russia and Belarus could be a good starting point. It is highly likely that efforts to evade sanctions will shift activity to neighbouring areas. The ability to detect and evaluate such efforts will be a critical component of compliance programmes for financial institutions. Whilst all companies will have sanctions programmes in place, it is important that they are commensurate with the nature, size and complexity of the companies.

Companies should establish the impact of current restrictive measures (both primary and secondary) on their current business activities and customer base, and what this means in the context of their overall risk appetite, as well as business wide risk assessment.

To fully understand their sanctions exposure, companies should consider proactively reviewing their books of business and analysing their transaction volumes along with distribution channels – including by leveraging data science to understand both primary and secondary exposure to sanctioned geographies/parties. Companies should also assess their end-to-end supply chain to understand if their suppliers are able to keep producing and/ or delivering their products.

Likewise, products and services should be included in the assessment, to identify whether they are subject to the heightened sanctions risk – e.g., foreign correspondent accounts, trade related products, the export control classifications of the products.

2. Consider the extraterritoriality of sanctions regulations

EU sanctions apply within the EU territory, to all EU nationals in any jurisdiction, and to all companies incorporated in an EU state, including their branches in third countries¹. This means that EU incorporated companies with branches outside of the EU, will need to comply with the current sanctions measures across all operations.

¹ A country that is not a member of the European Union as well as a country or territory whose citizens do not enjoy the European Union right to free movement, as defined in Art. 2(5) of the Regulation (EU) 2016/399 (Schengen Borders Code)

Companies should consider tackling the challenges related to extraterritoriality by adopting a centralized decision-making approach which promotes greater uniformity within organisations. However, whilst Head Offices should drive the implementation of current sanctions requirements across branches and/or subsidiaries, they should also cooperate with these entities to ensure that the local teams can also respond quickly to any changes in local sanctions. Tailored sanctions trainings, workshops and regular updates from the companies' Head Offices are of paramount importance to ensure that organisations are aligned to the new sanction requirements and that the knowledge and skills are widely shared across branches and teams.

3. Revamp existing systems and controls

Regulators expect companies to have good systems and controls in place to counter the risk of being used for financial crime, which includes compliance with sanctions obligations. Failings in the financial crime systems and controls space can lead to regulators imposing restrictions and/or taking enforcement action against companies.

Companies will not only need to re-evaluate their sanction compliance frameworks, to ensure alignment with current regulations, but also ensure they have in place mechanisms that allow them to quickly respond and adjust their controls in case of potential future changes. As previously noted, companies should assess their sanction exposure and focus on identifying areas of potential concerns, making appropriate compliant risk decisions, and mitigating potential risks.

At the core of sanction compliance frameworks, sit the screening tools, which enable companies to detect, prevent and manage sanctions risk. Most companies adopt two main screening controls to achieve their sanctions objectives: transaction/payment screening and customer name list screening, both of which will require significant attention.

In-depth due diligence is critical at this time, especially as some Russian companies are attempting to 'sanction-proof' by changing beneficial owners and access to certain corporate and ownership registries is being restricted. Changes in clients' management, shareholders and beneficial owners should automatically trigger event driven reviews and potential business exits. However, companies should also consider conducting business partner reviews on their existing clients with known Russian and Belarusian affiliations, to understand and mitigate any potential sanctions risks. Particular attention should also be given to the clients' sources of funds and wealth, to ensure that their provenance is not from sanctioned individuals, organisations or jurisdictions. Depending on the firm's exposure review exercises could be quite laborious and will require resources with appropriate skills and sanctions experience to enable thorough analysis and accurate outcomes.

Sanctions name list screening may also present its challenges. Firstly, companies will be faced with an increased number of alerts generated by their internal screening systems, moreover, most organisations place reliance on their third-party providers to update their sanctions lists feeding into their screening engines. Companies should ensure that, particularly at this time of increased list volatility, any new sanctions lists are rigorously reviewed internally. This will ensure data and feed integrity, help companies to minimise the number of low quality/false-positive alerts and help safeguard against incomplete screening.

Companies should document their rationale for any risk-based decisions, risk acceptance and/or remediation exercises in relation to recent changes in their governance framework.

4. Horizon Scanning – being prepared for further restrictive measures

The EU has continued to adopt further restrictive measures against Russia which will continue to include further sanctions on individuals and entities based on the Union's further investigations into Russian organisations (i.e., umbrella/shell companies). In addition, new and/or further restrictions are also possible against regimes seen as actively abetting Russian actions. The compliance landscape continues to evolve at an unaltered pace, with the onus being the companies involved to interpret and apply the ever changing regulations.

Jim Huish
jim.huish@
fticonsulting.com

Stephen A. Wilcox
steve.wilcox@
fticonsulting.com

Germany



Restrictive measures against Russia and Belarus due to the war of aggression against Ukraine – Current developments

1. What factors need to be considered, and what actions need to be taken?

In the current situation, the relevant measures and sanction lists may change at any time, even at short notice. For this reason, in all instances we recommend a thorough review of the relevant circumstances, particularly sanction lists with a view to participating end customers and banks, as well as the relevant embargo regulations, both when initiating a business relationship, and then again just before goods are shipped.

The risks involved in doing business with or supplying goods to Russian/Belarusian individuals or companies are multiple in nature.

On top of the need to review individual sets of export control regulations and sanctions, which requires a high level of legal expertise, doing business with Russia and Belarus presents a high risk of criminal liability and economic risk. This is the case, for instance, in the following scenarios:

- If the customer or participating banks are listed.
- If intended end use for military purposes cannot be excluded or the purpose cannot be documented (when do I require an end use certificate (EUC), and is this adequate?).
- How do I deal with customers who are attributable directly to the Russian/Belarusian state or in which the state has a majority holding?
- If payments have already been made by the customer, but there is a ban on delivery of goods (repayment issues).
- If problems exist in relation to interpretation of legal texts.

In addition, there exist purely practical hurdles; for example, on the border with Belarus/Russia, goods may not be cleared by the EU customs authorities because export control documents are missing or no carrier is available to transport the goods (on) into the two countries due to sanction rules having changed since the goods began their transportation journey.

As a result, it is impossible to give a single specific recommendation for action that covers all potential circumstances, also due to the fact that the legal rules are continually changing. Every situation needs to be assessed on an individual basis.

However, we are able to give you the following general suggestions for doing business and on how to handle the current situation:

- Due to the uncertainty and the ever-changing sanctions position, which is evolving on a daily basis, we advise the utmost caution and restraint in business dealings that have a connection with Russia, Belarus and the territories of Ukraine occupied by Russia.
- First of all, our recommendation is that no business transactions should be entered into or work steps taken until they have first been reviewed in terms of legality with reference to the relevant regulations and sanction lists. A final check should also be undertaken on sanction lists and embargo regulations just before goods are shipped.
- At present, doing business with Russia and Belarus comprises a high level of financial risk. Due to the sanctions on Russian banks and the prohibition on provision of financial resources, making or receiving payments for goods already delivered may also breach applicable law. For this reason, you should also involve your company's finance department in the decision-making process.
- In addition, we recommend that, for all transactions (not only for the supply of dual-use goods) with Russian or Belarusian business partners, you ensure that such partners sign an end use certificate prior to delivery.

We would be pleased to assist you with legal assessment of your particular circumstances and offer practical recommendations on your business relations with Russia and Belarus during these challenging times.

2. Restrictive measures against Russia

2.1. Crimea and Sevastopol/Donetsk and Luhansk

In response to the unlawful annexation of the Autonomous Republic of Crimea and the city of Sevastopol in 2014 and recognition of the independence of the regions Donetsk and Luhansk by Russia, sanctions were enacted in order to exert pressure on the region. The sanctions comprise primarily measures intended to weaken the sectors of transport, telecommunications, energy, the prospection/exploration and extraction of oil, gas and mineral resources, plus infrastructure projects in the region. In addition, there are import restrictions on goods originating from all of the regions subject to sanctions. For Donetsk and Luhansk, there also exists a prohibition on the provision of financial resources.

2.2. Russia

2.2.1. Up to 2021

Back in 2014, in response to the threat to the territorial integrity, sovereignty and independence of Ukraine, the following sanctions were imposed on Russia:

- **Listing of persons and organizations**
 - › Travel restrictions
 - › Freezing of funds and resources

- › Prohibition on provision (funds or economic resources may not be made available to nor benefit the listed individuals and organizations, either directly or indirectly)
- **Arms embargo**
- **Restrictions on trade and services** with regard to:
 - › Dual-use goods
 - › Equipment for the energy sector
 - › The sectors of crude oil exploration and extraction
- **Restrictions on access to the capital markets** of the European Union
- **Authorization required** for the export of certain goods

2.2.2. Current developments

Following the outbreak of the war of aggression against Ukraine, in 2022 numerous additional and wide-ranging measures have been enacted in a total of six sanction packages to date.

- **Extension of measures relating to capital market restrictions**
 - › Banknotes
 - › Cryptocurrencies
 - › **Prohibition on transactions with the Russian central bank**
 - › **Exclusion of listed banks from the SWIFT payment system.**
- **Expansion of sanction lists** to include individuals and organizations (e.g. Foreign Minister Sergei Lavrov, President Vladimir Putin, influential oligarchs, military officials, and numerous others).
- All Russian **shipping companies and ships** registered under the Russian flag, plus all **transportation companies, have been banned from European air space, European airports and ports, and from transiting the EU.**
- Listed Russian **media companies** and their establishments in the EU which participate in the distribution of propaganda and misinformation are **prohibited from distributing content in the EU.** In addition, the granting of broadcasting licences to such media companies is prohibited.
- **Prohibition on rating services** and all **business dealings with companies controlled by the Russian state or the Russian central bank** via a holding of 50% or more.
- **Prohibition on the awarding of public contracts** to Russian individuals or organizations.
- **Prohibition on the registration of trusts** which benefit Russian individuals or organizations.

- **Prohibition on the rendering of services in the areas of auditing**, including statutory auditing of annual accounts, **accountancy and tax advice**, as well as **business consulting** and **public relations consulting**.

- **General export ban on:**
 - › Dual-use goods
 - › Goods from the sectors of electronics, computers, telecommunications, information security, sensors and lasers, navigation and avionics, marine industry, aviation and aerospace, propulsion
 - › Oil refinery goods
 - › Aviation and aerospace goods and aviation turbine fuels
 - › Maritime goods and technologies
 - › Iron and steel products
 - › Luxury goods
 - › Goods that contribute to strengthening Russia's industrial capacities

- **General import ban on:**
 - › Goods that generate significant revenues for Russia
 - › Coal and other fossil fuels
 - › Crude oil and petroleum products
 - Here, there exist various exemptions intended to ensure supplies to Member States (e.g. exemption for imports via pipelines, exemptions for Bulgaria and Croatia, etc.).

- Exemptions from import and export bans are possible. However, such exemptions are always subject to approval and must therefore be agreed with the German Federal Office for Economic Affairs and Export Control (BAFA) **prior to export**.

3. Restrictive measures against Belarus

3.1.1. Up to 2021

Due to political developments in the country, sanctions were imposed on individuals and organizations, as well as on trade with Belarus, back in 2006 and then again in 2021 (in response to the forced landing of the Ryanair plane in Minsk).

- **Listing of individuals and organizations**
 - › Travel restrictions
 - › Freezing of funds and resources
 - › Prohibition on provision (funds or economic resources may not be made available to nor benefit the listed individuals and organizations, either directly or indirectly)

- **Arms embargo**

- **Prohibition on the transfer of securities** and money market instruments, new lending and credit facilities, as well as insurance and reinsurance

- **General export ban on**
 - › Goods used for internal repression
 - › Dual-use goods to individuals listed in Annex V
 - › Communications monitoring equipment
 - › Goods for military end use
 - › Goods for the tobacco industry
 - › Mineral oil products

3.1.2. Current developments

In response to the support by Belarus for the war of aggression against Ukraine, the existing embargo measures against Belarus have been substantially tightened. The following measures have been adopted:

- **Expansion of sanction lists** to include additional individuals and organizations
- **Additional restrictions on trade and services** in respect of:
 - › Dual-use goods
 - › Goods for military end use
 - › Tobacco products
 - › Mineral oil products
 - › Potassium chloride products
 - › Wood products
 - › Cement products
 - › Iron and steel products
 - › Rubber products
 - › Machinery and equipment
- **Expansion of measures relating to capital market restrictions**
 - › Cryptocurrencies
 - › Shares and securities of all types
 - › Transactions with the central bank of Belarus are prohibited
 - › Deposit limit applicable to Belarusian citizens of a maximum of EUR 100,000.00 with EU financial institutions
 - › Legal entities in which a company listed in Annex XV of the Regulation has a holding of over 50% are excluded from the SWIFT payment system
 - › Ban on trading on European stock exchanges for securities of companies in which the Belarusian state has a holding of over 50%
 - › Ban on the sale and supply of securities and banknotes to Belarusian citizens, banks and other organizations
- **Transit ban** through the territory of the EU for Belarusian freight carriers (transportation companies)

Markus Wieners
markus.wieners@
wts.de

Judith Brandl
judith.brandl@wts.de

We would be pleased to assist you with legal assessment of your particular circumstances and offer practical recommendations on your business relations with Russia and Belarus during these challenging times.

Contact

China

Conrad Lin

conrad.lin@wts.cn
T +86-21-50478665 - 223

WTS China

Unit 06-07, 9th Floor, Tower A,
Financial Street Hailun Center
No.440 Hailun Road, Hongkou District
Shanghai, 200080
www.wts.cn

Italy

Paolo Dragone

paolo.dragone@ra-wts.it
T +39 045 4722187

WTS R&A Studio Tributario

Vicolo Oratorio 5/A
37121 Verona
www.ra-wts.it

United Kingdom

Arjen Odems

odems@cutraco.com

Maartje Meijer

meijer@cutraco.com
T +44 208 144 6408

Customs and Trade Consultancy Limited

First Floor
85 Great Portland Street
W1W 7LT, London
www.cutraco.com

Vietnam

Vo Thi Xuyen

vo.thi.xuyen@lawyer-vietnam.com

Nguyen Ngoc Tuyet Van

nguyen.ngoc.tuyet.van@
lawyer-vietnam.com
T +84 28 7302 5771

WTS Tax Vietnam Co., Ltd.

8th Floor, TMS Building
172 Hai Ba Trung Str., D.1
700000, Ho Chi Minh City
www.wtsvietnam.com

United Kingdom/EU

Jim Huish

jim.huish@fticonsulting.com
T +44 (0) 207 6325010

Stephen A. Wilcox

steve.wilcox@fticonsulting.com

FTI Consulting

200 Aldersgate, Aldersgate Street
London EC1A 4HD
www.fticonsulting.com

Germany

Markus Wieners

markus.wieners@wts.de
T +49 211 20050-616

Judith Brandl

judith.brandl@wts.de

WTS Steuerberatungsgesellschaft mbH

Klaus-Bungert-Straße 7
40468 Düsseldorf
www.wts.de

About WTS Global

With a representation in over 100 countries, WTS Global is one of the leading global tax practices offering the full range of tax services without the constraints of a global audit firm. WTS Global deliberately refrains from conducting annual audits in order to avoid any conflicts of interest and to be the long-term trusted advisor for its international clients. Clients of WTS Global include multinational companies, international mid-size companies as well as private clients and family offices.

The exclusive member firms of WTS Global are carefully selected through stringent quality reviews. They are typically strong local players in their home market being united by the ambition of building the tax firm of the future. WTS Global effectively combines senior tax expertise from different cultures and backgrounds be it in-house, advisory, regulatory or digital.

For more information please visit [wts.com](https://www.wts.com)

Imprint

WTS Global
P.O. Box 19201 | 3001 BE Rotterdam
Netherlands
T +31 (10) 217 91 71 | F +31 (10) 217 91 70
[wts.com](https://www.wts.com) | info@wts.de

The above information is intended to provide general guidance with respect to the subject matter. This general guidance should not be relied on as a basis for undertaking any transaction or business decision, but rather the advice of a qualified tax consultant should be obtained based on a taxpayer's individual circumstances. Although our articles are carefully reviewed, we accept no responsibility in the event of any inaccuracy or omission. For further information please refer to the authors.