

# Locke Lord QuickStudy: OFAC Extends and Issues General Licenses Involving Russian Tax and Civil Aviation Safety

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The U.S. Department of the Treasury's Office of Foreign Asset Control ("OFAC") on (i) July 10, 2024, extended General License ("GL") 13J ("Authorizing Certain Administrative Transactions Prohibited by Directive 4 under Executive Order 14024"), (ii) August 2, 2024 extended GL 100A ("Authorizing Certain Transactions Related to Debt or Equity or the Conversion of Currencies Involving MOEX, NCC, or NSD"), and (iii) August 10, 2024 issued GL 101 ("Authorizing Civil Aviation Safety and Wind Down Transactions Involving Certain Entities Blocked on August 9, 2024").

## GL 13J

GL 13J extends to October 9 2024, the time for U.S. persons or entities owned or controlled by a U.S. person to pay taxes, fees and import duties, and to obtain necessary permits, licenses and certifications that are otherwise prohibited by Directive 4 under Executive Order ("EO") 14024, provided these transactions are essential for their day-to-day operations. GL 13J replaces GL 13I which would have otherwise expired on July 11, 2024.

GL 13J does not permit debits to accounts held by the Central Bank of the Russian Federation, the National Wealth Fund of the Russian Federation, or the Ministry of Finance of the Russian Federation at U.S. financial institutions or any transaction that otherwise violates the Russian Harmful Foreign Activities Sanctions Regulations, 31 CFR part 587 (the "RuHSR"), including those involving blocked individual or entity unless separately authorized. GL 13J does not authorize U.S. persons or entities controlled by U.S. persons to pay the so called "Russian Exit Tax" without a specific license.

## GL 100A

GL 100A extends to October 12, 2024, the conduct of transactions in connection with the divestment of debt or equity, or currency conversions with a non-U.S. person who is not blocked involving the following entities in their capacity solely as a securities, trade, or settlement depository, central counterparty, clearing house, or trading market: (1) Moscow Exchange ("MOEX"); (2) National Clearing Center ("NCC"); (3) National Settlement Depository ("NSD"); and (4) any entity in which one or more of the above persons own, directly or indirectly, individually or in the aggregate, a 50% or greater interest.

This license does not cover transactions otherwise prohibited by Directive 2 under EO 14024, Directive 4 under

EO 14024, or any transactions restricted by the RuHSR. GL 100 expired on August 2, 2024.

## **GL 101**

On August 9, 2024, OFAC designated as specially designated nationals and blocked persons (“SDNs”) 19 individuals, 14 entities, and one aircraft pursuant to Belarus-related EO 14038, and five of these pursuant to Russia-related EO 14024. OFAC has found these persons to be involved in supporting Russia’s war in Ukraine through military resource production and transshipment of goods to Russia, sanctions evasion on behalf of Belarusian defense entities, and revenue generation for Belarusian oligarchs in Alyaksandr Lukashenka’s inner circle. Included in the list of SDNs are Aviakompaniya Belkanto LLC, Aviakompaniya Rada LLC; and UE RubiStar (collectively, the “Blocked Airlines”).

To facilitate an orderly transition and wind-down, concurrently with the SDN listing, OFAC issued GL 101 which authorizes to September 10, 2024 transactions that are necessary for providing, exporting, or reexporting goods, technology, and services crucial for civil aviation safety, involving the three Blocked Airlines and any entity in which one or more of the above Blocked Airlines owns, directly or indirectly, individually or in the aggregate, a 50% or greater interest. This authorization applies only if the goods, technology, or services are used on aircraft dedicated solely to civil aviation purposes. Furthermore, the license authorizes transactions necessary to wind down dealings with the Blocked Airlines and their controlled subsidiaries, provided that payments are made into blocked accounts in accordance with the RuHSR and Belarus Sanctions Regulations, 31 CFR part 548 (the “BSR”). GL 101 does not license other transactions prohibited by RuHSR or BSR, transactions restricted by Directive 2 or Directive 4 of EO 14024, or any other Federal laws and regulations, including export requirements under the Export Administration Regulations, 14 CFR parts 730-774.

## **Conclusion**

This paper is intended as a guide only and is not a substitute for specific legal or tax advice. Please reach out to the authors for any specific questions. We expect to continue to monitor the topics addressed in this paper and provide future client updates when useful.

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