Learning Corner: Navigating sanctions and blacklists in Global Mobility

Note: This article aims to outline generic principles and does not provide a comprehensive list of sanctioned or "blacklisted" countries or entities. Readers are strongly recommended to seek professional advice specific to their circumstances.

Today's Global Mobility professionals are expected to navigate many complex challenges, in an increasingly dynamic economic and geo-political landscape. Amidst the many complexities, there lies the critical challenge of navigating international sanctions. As the custodians of cross-border talent moves, Global Mobility professionals should mitigate the risk of inadvertently infringing such international sanctions.

International sanctions are, essentially, measures imposed by individual states or international organizations to commercial, financial, and/or other activities with specific countries, entities, or individuals. These sanctions are often imposed for various reasons, including political, economic, or human rights concerns. Regardless of one's own personal views, failure to comply with these sanctions can lead to severe consequences, including legal repercussions, and financial penalties.

Therefore, it is crucial for businesses engaging in global mobility programs to keep track of countries and entities on various sanction lists. Hence, before deploying employees overseas, it is advisable to have a step in the process to identify any potential connections to sanctioned entities or activities, which may expose the company to repercussions. Similarly, organizations considering the establishment of a GEC need to be particularly cautious with locations that could be sanctioned or blacklisted.

Apart from having robust procedures, it is important to invest in basic education, and to create a culture of awareness and compliance, to mitigate risks. Onboarding, briefings and training should cover the basics of international sanctions, as well as specific compliance procedures and protocols to follow when managing global mobility activities. Technology can also play a role in automating compliance processes, such as screening employee data against sanctions lists and flagging any potential risks.

Today, there are several organizations that maintain a list of sanctioned countries, entities, and individuals. Some of the most widely referenced lists include the United Nations Security Council, the U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC), the European Union, the UK Office of Financial Sanctions Implementation (OFSI), and more. Organizations operating internationally should regularly consult these lists and stay informed about updates. It is important to remember that sanctions lists can vary between jurisdictions, so businesses operating in multiple countries should ensure compliance with the relevant sanction regimes in each jurisdiction.

In addition to monitoring sanctioned countries, GEC professionals should also be aware of another "blacklist" compiled by the European Union, commonly

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referred to the list of "Non-Cooperative Tax Jurisdictions", or "Tax Haven Blacklist". This list identifies territories that fail to meet certain tax transparency and fair taxation criteria set by the EU (specifically, Tax Transparency, Fair Taxation, and measures against Base Erosion and Profit Shifting).

Countries on the EU's blacklist are at risk of some reputational damage, and there may be more stringent requirements for transactions involving entities based in such listed jurisdictions. Therefore, when moving employees across borders, businesses must consider the tax implications of the destination country or jurisdiction. Deploying talent to countries on the EU blacklist may expose businesses to increased tax risks and regulatory scrutiny.

More information on the EU's list of Non-Cooperative Tax Jurisdictions can be found here.