Congressional Research Service
Informing the legislative debate since 1914

IN FOCUS

Updated November 3, 2026

U.S. Sanctions on Iran: Background and Political Context

Since the Iranian Revolution of 1979, the United States has used sanctions of various types as key tools of U.S. policy toward the government of Iran. The U.S. government uses sanctions to deter, constrain, and encourage change in the adversarial behavior of the Iranian regime, including its support for international terrorism, nuclear and missile development programs and proliferation activities, destabilizing regional interventions, and human rights abuses. Congress has played a leading role in shaping U.S. policy, enacting legislation to authorize and oversee successive Administrations' implementation of Iran-related sanctions. U.S. sanctions have adversely affected Iran's economy, but Iranian government behavior remains a threat to U.S. interests and those of partners, including Israel. Additional sanctions actions (including what the Treasury Department terms Operation Economic Outcast) have been a major element of U.S. policy toward Iran in the context of U.S.-Iran military conflict since February 2026.

U.S. sanctions target activities and persons (i.e., entities and individuals) inside or outside Iran to deter, disincentivize support for, and constrain Iran's ability to perpetuate adversarial behaviors. Primary sanctions impose restrictions on those behaviors and persons directly involved with them. Secondary sanctions seek to deter third parties from engaging with primary targets. Primary and secondary sanctions may include blocking U.S.-based assets, prohibiting transactions with U.S. persons, limiting use of U.S. financial instruments, denying entry into the United States, and prosecuting sanctions violations and evasions.

U.S. sanctions on Iran are arguably the most extensive and comprehensive set of sanctions that the United States maintains on any country. Thousands of persons (Iranian and non-Iranian) have been designated for sanctions related to Iran. Reflecting the complex legal framework of U.S. sanctions on Iran, many persons have been designated under multiple authorities, which may not confer additional restrictions but may affect how sanctions may be lifted.

Current Sanctions Landscape

U.S. sanctions on Iran **block Iranian government assets** in the United States, **ban nearly all U.S. trade** with Iran, and **prohibit foreign assistance and arms sales**. U.S. law authorizes sanctions targeting:

- Iran's **energy sector**, including foreign entities that invest in it or that buy, sell, or transport Iranian oil;
- Iran's **financial sector**, including its central bank;
- additional sectors of Iran's economy, including **shipping, aviation, construction, mining, textiles, automotive, and manufacturing**, as well as entities that conduct transactions with, or otherwise provide support for, those sectors;
- **arms trade to or from Iran**; and
- many components of **Iran's government** (such as the **supreme leader** and **the Islamic Revolutionary Guard Corps**), including entities that conduct transactions with or otherwise support them.

Per the Department of the Treasury's Office of Foreign Assets Control, the United States "maintains broad authorizations and exceptions that allow for the sale of food, medicine, and medical devices by U.S. persons or from the United States to Iran." Beyond humanitarian exemptions, the U.S. Treasury has issued general licenses to authorize otherwise prohibited transactions for specific purposes, such as the provision of telecommunications equipment to Iranians to circumvent their government's attempts to cut off internet access.

Background

The 1979 overthrow of the Shah (Iran's former ruler and a staunch U.S. ally) and establishment of the Islamic Republic initiated decades of animosity between the United States and Iran. The Carter Administration initially imposed sanctions to press for the release of U.S. embassy staff taken as hostages in 1979. The executive branch and Congress expanded U.S. sanctions in the 1980s and 1990s as U.S. policy interests evolved to include compelling Iran to cease its support of acts of international terrorism (including its backing of militants linked to the 1983 bombings of the U.S. embassy and multinational force barracks in Beirut) and its pursuit of chemical, biological, or nuclear weapons or advanced conventional weapons. After the 2002 revelation of previously undisclosed nuclear facilities in Iran, the United States and allies incorporated sanctions into efforts to persuade Iran to agree to limit its nuclear activities. The UN Security Council, concerned about Iran's nuclear program, launched multinational sanctions in mid-2006, requiring member states to prevent trade with Iran in goods, services, and technology.

Congressional action has been critical to the development and expansion of U.S. sanctions on Iran. Congress authorized sanctions targeting Iran's proliferation activities beginning in 1992 and, in 1996, enacted landmark legislation mandating the first Iran-related secondary sanctions, on foreign firms involved in the development of Iran's oil resources. (Iran has the world's third-largest proven oil reserves.) After the Iranian government's violent crackdown on mass protests over its disputed 2009 presidential election, Congress authorized sanctions on officials responsible for the crackdown and other human rights abuses. As international concern about Iran's nuclear program increased, Congress, beginning in 2010, increased the scope of U.S. sanctions, targeting Iran's oil exports and other economic sectors in a bid to deny the Iranian government financial resources and compel it to make policy changes. In enacting these authorities, Congress

mandated that to waive or lift sanctions, the President must certify that Iran is meeting certain conditions, including that the Iranian government has ceased its support of international terrorism and its proliferation activities.

In 2015, after several years of multilateral negotiations, Iran, the United States, and several other countries concluded the **Joint Comprehensive Plan of Action (JCPOA)**, whereby Iran limited its nuclear activities and subjected them to additional international inspections and monitoring in return for relief from many U.S. and international sanctions related to Iran's nuclear program. U.S. sanctions related to Iran's continued support for international terrorism, human rights abuses, and missile development remained in place. In 2018, citing the finite duration of certain JCPOA restrictions and Iran's continued malign activities, the Trump Administration ceased U.S. participation in the JCPOA and reimposed all U.S. sanctions that had been eased pursuant to the JCPOA. These and other new restrictions were part of a "maximum pressure" policy with the stated goal of compelling Iran to negotiate an expanded accord. Iran did not do so under the first Trump Administration and since 2019 has exceeded JCPOA-mandated limits on its nuclear activities.

Biden Administration officials initially sought to revive the JCPOA, but U.S.-Iran talks broke down in 2022 amid a violent Iranian government crackdown on protests. The Biden Administration did not issue any new sanctions authorities but continued to designate for sanctions Iranian and third-country-based entities pursuant to existing U.S. laws and executive orders. Some Members of Congress called for what they described as more robust sanctions enforcement, including through additional designations.

Second Trump Administration Policy

On February 4, 2025, President Trump signed a National Security Presidential Memorandum directing the imposition of maximum pressure on Iran's government, including "a robust and continual sanctions enforcement campaign … that denies the regime and its terror proxies access to revenue." Israeli and U.S. military action twice ended U.S.-Iran negotiations around Iran's nuclear program and possible sanctions relief in June 2025 and February 2026. In June 2026, the United States and Iran signed a memorandum of understanding (MOU) in which they, among other provisions, undertook to end the military conflict and negotiate a "final deal" that would include potential changes to Iran's nuclear program (including "the disposition of stockpiled enriched material") and the eventual termination of "all types of actions" on Iran.

That MOU collapsed amid renewed fighting in July 2026, and the Trump Administration in August announced Operation Economic Outcast to "sever every economic lifeline that sustains this tyrannical regime until Tehran stands alone." In addition to regular designations of Iranian officials and elements of the "shadow fleet" that transports Iranian oil, U.S. sanctions targets include Iranian commercial airlines and some related foreign service providers, several foreign banks, and Iran's largest digital asset exchanges.

Effects of U.S. Sanctions on Iran

Over the past decade, successive Administrations have characterized the effects, and effectiveness, of sanctions on Iran's behavior in different ways. Obama Administration officials described the 2015 JCPOA as proof of sanctions' effectiveness. After withdrawing from the JCPOA and reimposing U.S. sanctions, Trump Administration officials asserted that the United States' "maximum pressure" strategy was effective, citing the deterioration of various Iranian economic indicators. They also argued that denying resources to the Iranian government decreased its ability to finance its missile programs, international terrorism, and destabilizing regional interventions—key pillars of Iran's foreign and defense policies. Iran has pursued those activities amid U.S. sanctions and their economic costs, though Iran's defense budget has fluctuated, sometimes apparently linked to the economic impact of U.S. sanctions.

Iran's leaders have sought to mitigate the impact of sanctions through the development of what former Supreme Leader Ali Khamenei termed a "resistance economy" that reduces Iran's economic linkages with the West. U.S. sanctions may create incentives for Iran to further expand economic and military ties with China and Russia. China has been the main purchaser of Iranian oil, and Russia has reportedly sought to assist Iran with sanctions evasion.

Congressional Action

The 118th Congress enacted several Iran-related sanctions measures, including the MAHSA Act (Division L of P.L. 118-50), which directs the President to determine whether the supreme leader and other Iranian officials meet the criteria for sanctions under various extant authorities. In the 119th Congress, Members have considered legislation to amend sanctions-related statutory authorities, including to alter the conditions under which the President may waive or lift sanctions on Iran (see, e.g., H.R. 2012 and H.R. 2570) and to authorize additional sanctions (see, e.g., H.R. 1422, which was agreed to by the House in March 2026). The only Iran-sanctions-related measure enacted in the 119th Congress has been the Lindsey O. Graham Sanctioning Russia and Iran Act of 2026 (P.L. 119-111), the sole Iran-related provision of which extended the sunset of the Iran Sanctions Act of 1996 (P.L. 104-172) from 2026 to 2031.

More broadly, Congress may consider how sanctions have or have not advanced U.S. policy goals with respect to Iran and how additional authorities or designations might or might not drive the behavior of the Iranian government and other actors. Members may also consider to what extent other U.S. policy tools, including military action, may enhance or undermine the effectiveness of sanctions in countering the various threats posed by Iran.

If the United States and Iran were to conclude an agreement related to Iran's nuclear program, the 2015 Iran Nuclear Agreement Review Act (INARA; P.L. 114-7) mandates a 30-day congressional review period during which the President "may not waive, suspend, reduce, provide relief from, or otherwise limit the application of statutory sanctions with respect to Iran."

Clayton Thomas, Specialist in Middle Eastern Affairs

IF12452

Disclaimer

This document was prepared by the Congressional Research Service (CRS). CRS serves as nonpartisan shared staff to congressional committees and Members of Congress. It operates solely at the behest of and under the direction of Congress. Information in a CRS Report should not be relied upon for purposes other than public understanding of information that has been provided by CRS to Members of Congress in connection with CRS's institutional role. CRS Reports, as a work of the United States Government, are not subject to copyright protection in the United States. Any CRS Report may be reproduced and distributed in its entirety without permission from CRS. However, as a CRS Report may include copyrighted images or material from a third party, you may need to obtain the permission of the copyright holder if you wish to copy or otherwise use copyrighted material.