



HM Treasury, 1 Horse Guards Road, London, SW1A 2HQ

Dr Andrew Murrison MP  
Northern Ireland Affairs Committee  
House of Commons  
London  
SW1A 0AA

24<sup>th</sup> January 2019

Dear Andrew,

Thank you for your letter dated 18 December 2018 raising several questions relating to frozen Libyan assets. I have been asked to reply as my Ministerial portfolio covers financial sanctions.

You ask in the letter several questions about licences that have been issued for the release of frozen Libyan assets. The Office of Financial Sanctions Implementation (OFSI), part of HM Treasury, makes decisions to deal with frozen assets in strict adherence to applicable law. Council Regulation (EU) 2016/44 contains derogations from the restrictions in the Libya sanctions regime which permit licences to be issued to deal with frozen assets, when the derogations are met. The derogations that have been used to date include to satisfy the basic needs of designated persons, to pay reasonable legal fees and for the routine holding and maintenance of frozen funds and economic resources.

I can confirm that HM Treasury has granted licences to permit dealing with frozen Libyan assets. I can also confirm that HM Treasury issued 15 licences to deal with Libyan frozen assets or to make funds or economic resources available to designated persons for specific purposes between April 2017 and March 2018. This figure is set out in OFSI's Annual Review: April 2017-March 2018. Figures for the following financial year will be published later this year in OFSI's Annual Review: April 2018-March 2019. HM Treasury does not, however, comment on licence applications made by individuals or entities. Where individuals apply for licences, OFSI is unable to disclose the names of the individuals to whom licences are granted, as disclosure of this information would contravene data protection principles.

On the rationale for issuing licences to release frozen Libyan assets, each licence application requires OFSI to consider relevant evidence, which it does on a case by case basis before deciding whether to grant a licence. As set out in *R (Ezz) v. HM Treasury* [2016] EWHC 1470 (Admin) HM Treasury must not simply take assertions at face value but needs to scrutinise with care claims that particular

figures, which it is asked to authorise the release of, are reasonable.

You ask about the form frozen Libyan assets take. Libyan assets reported to HM Treasury as having been frozen by banks, include cash, properties and securities.

When assets are frozen, there is no lawful basis in sanctions legislation on which the UK could seize or change the ownership of any frozen assets. Libyan frozen assets continue to belong to the individuals and entities listed in Council Regulation (EU) 2016/44. They are not held by the Treasury or otherwise seized by the Treasury.

Finally, you have also asked questions about tax received by the UK government in respect of frozen Libyan assets.

HMRC's duty of taxpayer confidentiality means it is unable to disclose detailed tax information about individuals and businesses. Whether or not tax is paid on a particular frozen asset would depend on the nature of the asset and any relevant circumstances and transactions concerning that asset. Where taxable income or gains are made, in relation to frozen assets, a tax liability will arise, regardless of the assets' frozen status.

My Ministerial colleagues, and I, take the matter of addressing UK terror victims' needs with the utmost seriousness, compassion and sympathy and recognise that progress has been slow. The issues surrounding Qadhafi-sponsored IRA terrorism have not yet been resolved and the government continues to raise them with the Government of National Accord in Libya. I thank the Committee for the work they have done on bringing attention to this important issue.

I would welcome the opportunity to meet with you in the near future, to discuss more broadly the operation of the Libyan sanctions regime.

*with very best regards*

*John*

JOHN GLEN