



Northern Ireland Affairs Committee

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Rt Hon Philip Hammond,
Chancellor of the Exchequer,
HM Treasury,
1 Horse Guards Road,
London,
SW1A 2HQ.

18 December 2018

Dear Philip,

I am writing to inform you that my Committee has received a letter, from the Minister of State for the Middle East and North Africa, the Rt Hon Alistair Burt MP, providing additional information requested during an oral evidence session on 20 November 2018.¹ The evidence session was part of the Committee's follow-up work to our report on 'Support for UK victims of IRA attacks that used Gaddafi supplied Semtex and weapons'. This letter has raised concerns amongst Committee Members about the status of frozen Libyan assets. A copy of the letter is enclosed.

The Committee asked the Minister to clarify whether the Treasury has ever released funds, or the interest or dividends accrued thereon, from the frozen Libyan assets. The response we received, explaining the mechanism by which HM Treasury could permit the release of the assets by financial institutions, does not answer the substantive question. The question was raised in oral evidence due to media reports that the Libyan Investment Authority has named the UK among five EU countries which do not view the dividends and interest on holdings frozen under UN sanctions. The article notes that a UK Treasury spokesperson declined to say whether the government had released frozen funds.²

I would therefore ask that HM Treasury provide a response to the following points;

- Has HM Treasury ever issued a licence granting permission for a financial institution, or any other body or individual holding frozen Libyan assets, to release funds or the interest or dividends accrued there on?
 - If so, on how many occasions have such licences been issued and, in each case, to whom was the license granted?

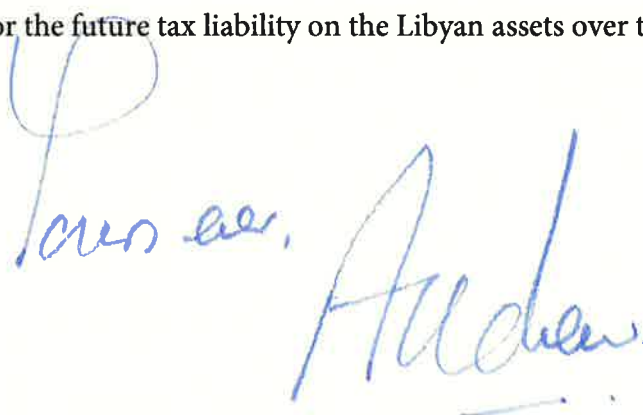
¹ Oral evidence: Support for UK Victims of IRA attacks that used Gaddafi-supplied Semtex and weapons: Follow-up, Tuesday 20 November 2018, HC 1723

² Libya fund: 5 EU countries think Gaddafi account interest not frozen, Politico, 22 November 2018

- I would also request an explanation for the issuing of any licenses for the release of frozen Libyan assets.

In response to our question concerning the tax liability of the frozen Libyan assets, the Minister's letter states, "designated persons are not exempt from tax as a consequence of having their assets frozen." We would be grateful if you could clarify:

- What form the frozen Libyan assets take (for instance, property, bank accounts or shares);
- Whether the Government has been receiving tax on any of the frozen Libyan assets;
 - If so, the total amount of tax taken by the Government from the designated persons/bodies holding Libyan assets, over the entire period assets have been frozen in the UK; and
 - Projections for the future tax liability on the Libyan assets over the next five years.

A handwritten signature in blue ink, appearing to read "Dr Andrew Murrison". The signature is written in a cursive style with a large initial "D" and "A".

Dr Andrew Murrison MP
Chair, Northern Ireland Affairs Committee