



Treasury Committee

Sir Jim Harra KCB
Chief Executive, HMRC

By e-mail

31 January 2025

Dear Sir Jim

The Treasury Select Committee held an oral evidence session on the work of the Office of Financial Sanctions Implementation (OFSI) on 26 November 2024 where we focussed on the regime for implementing financial sanctions.¹ We note that our predecessor Committee received correspondence² from you in July 2022 as part of its 'Effective Sanctions in Russia inquiry', where you set out HMRC's responsibilities in relation to the enforcement of trade sanctions.

We would be grateful for responses to the following questions arising from the session:

1. Please can you outline how the work for HMRC in relation to criminal enforcement of trade sanctions has changed since you last sent us correspondence about this matter in July 2022?
2. Why does HMRC rather than the National Crime Agency (NCA) deal with the criminal enforcement of trade sanctions?
3. How will the establishment of the Office for Trade Sanctions Implementation change the trade sanctions enforcement work of HMRC?
 - How does HMRC work with the Department for Business and Trade and the newly formed Office of Trade Sanctions Implementation to decide whether breaches in sanctions should lead to civil enforcement or criminal enforcement?

¹The transcript is here committees.parliament.uk/oralevidence/15048/pdf/

² committees.parliament.uk/publications/23112/documents/169297/default/



Treasury Committee

4. Who is responsible for detecting breaches in trade sanctions: HMRC, the Department for Business and Trade or the Office of Trade Sanctions Implementation?
 - How are customs officials trained to detect breaches in trade sanctions?
 - How many staff in HMRC are available to (i) detect and (ii) enforce breaches in trade sanctions?
5. What is the nature of co-ordination between HMRC and the National Crime Agency?
 - How large is the overlap between those who breach trade sanctions and those who breach financial sanctions?
6. How many investigations did HMRC lead in relation to breaches in trade sanctions in 2021-22, 2022-23 and 2023-24? Of those, how many were related to breaches in Russian sanctions?
7. Why doesn't HMRC publish information on breaches in sanctions in a similar way to the Office for Financial Sanctions Implementation (OFSI), which gives the details of the company, how it breached sanctions and the amount of penalty issued?
 - What criteria do HMRC use to decide when to issue penalties and when to pursue criminal enforcement?
 - To what extent is HMRC issuing penalties instead of seeking criminal enforcement because it is easier?
8. How many penalties did HMRC issue in relation to breaches in sanctions in the financial years 2021-22, 2022-23 and 2023-24?
 - Of those, what proportion related to breaches Russian sanctions?
 - Can HMRC provide further details on these breaches in sanctions including what kind of transactions and firms they related to?



Treasury Committee

9. How many individuals or companies has HMRC prosecuted in relation to breaches in sanctions in the years 2021-22, 2022-23 and 2023-24?
- How many of those prosecutions led to convictions?
 - Of those prosecutions, what proportion related to breaches in Russian sanctions?
 - Can HMRC provide further details on these breaches in sanctions including what kind of transactions and firms they related to?
10. Please could you provide an update on the activity data provided in the table of your letter (page 3) to the Treasury Committee, 8 July 2022, where you set out the numbers of detentions, seizures, voluntary disclosures, potential breaches assessed, criminal investigations, warning letters, compound settlements, and prosecutions.

In line with the Committee's usual practice, I will be placing this letter and your response in the public domain. I would be grateful for a reply by Monday, 17 February 2025.

Yours sincerely

Dame Meg Hillier MP
Chair of the Treasury Committee

CC: Rt. Hon. Liam Byrne MP, Chair of the Business and Trade Committee