



All-Party Parliamentary Loan Charge Group
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Loan Charge All-Party Parliamentary Group

Loan Charge Inquiry

March 2019

Survey Results

This Survey was compiled, researched and written by the Loan Charge APPG. The Loan Charge APPG Secretariat is staffed and funded by the Loan Charge Action Group.

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Loan Charge APPG – Loan Charge Inquiry Survey Results

Executive Summary

The Loan Charge APPG, as part of their inquiry into the Loan Charge, conducted an anonymous online survey between 25th February 2019 and 6th March 2019; 1,768 individual responses were received.

- **Nearly one third have NEVER received any information at all about the Loan Charge from HMRC.** This is despite claims that people have been given “three years notice”
- 1 in 12 respondents have **NEVER had any enquiry** into any of their tax years (in other words ALL their tax years are closed and HMRC are out of time to challenge them)
- Most of those with open tax enquires did not know the reason for the enquiry and more than 80% of them were advised that the **enquiry was routine and they were not to worry**
- Nearly 1 in 3 say they believe they have **no possible means of settling with HMRC**
- 95% have seen **no evidence that HMRC are seeking payment from their employers**
- Nearly half of respondents say they would **choose voluntary bankruptcy** rather than a long time to pay agreement (5+ years) such as those being offered by HMRC
- More than two thirds fear **their family relationships are breaking down**
- 95% have said they have experienced periods panic, anxiety or feeling that they cannot cope. This is **leading to many individuals suffering ill-health**
- More than 99% said they have **lost confidence in government institutions**
- Nearly every single respondent (~98%) said they **feel criminalised**
- At least 80% have dependents – approx. 30% have 3 or more dependents. **For each person affected by the Loan Charge, an average of two more will suffer the consequences**
- Three quarters of the respondents are in their 40s or older and will see their **hopes for a comfortable, financially planned retirement destroyed**
- Many express despair and state that they will become **dependent on the state in the future**
- The overwhelming majority said that the **arrangements were presented to them as legal, as HMRC compliant and as legitimate tax planning.** Most were new to contracting in the UK
- **The financial benefit for most people was small (less than 10%).** Over a quarter said the benefit was less than 5%. The Loan Charge impact will, however, be devastating
- Over half the respondents **reported significant costs (the "fee") charged by the**

promoters of 16% or more of the money that the end client was paying

- Over half feel their chosen career is in danger which has **knock on impacts for the UK economy**
- 8 out of 10 believe they will **lose all or most of their retirement savings**
- 8 out of 10 are concerned that they **will lose their home**
- **Over half** believe they will be **faced with bankruptcy**

IMPORTANT NOTE – It is incumbent upon us to report that over 60 survey participants made a direct or a strongly implied statement that they intend to end their life as a means of sparing their family the financial pain or simply to end the horrific reality of the Loan Charge along with the uncertainty and trauma it has brought: 40% of respondents have seriously considered suicide.

If we had the ability to identify the 60 individuals we would be immediately informing public health bodies and encouraging them to intervene in these cases. We regard this overall situation as a public health emergency.

Survey Methodology

The APPG Loan Charge Review conducted a survey for those who were directly involved in Loan Arrangements between 1999 to present. The survey was offered to a broad range of people through the APPG website and the use of social media platforms, such as Twitter, where users were encouraged to spread the survey link as a means of gaining a wider audience. Within a ten-day period, from 25th February 2019 to 6th March 2019, 1,768 participants took part in the survey asking them about their Loan Arrangement involvement, history and personal wellbeing.

Analysis of Results

The following report highlights the views from those who were or remain directly involved in a Loan Arrangement. Based on the responses from the survey's qualitative and quantitative data, those individuals using loans as a form of financial planning are already suffering the repercussions of retrospective tax legislation. A headline finding of the survey is that the Loan Charge is having a devastating impact upon those affected at the individual level.

Beyond the serious financial consequences, people feel as they are being labelled as 'criminal' despite the fact that their decision to enter a loan based agreement was not illegal. Survey participants have found themselves in a state of despair and uncertainty for living their daily life without a future to look forward to.

The retrospective nature of the legislation has created a situation where people face potentially life changing financial penalties, mental ill health, and an unjust perception that their previous actions were outside the law, when this is categorically not the case. This is supported by quantitative results, 98.5 per cent indicated that they feel like they are being treated as a criminal and is a theme that is further reinforced in the open ended questions.

The Loan Charge legislation threatens nearly every aspect of their daily life: the security of their home, stability of their family, financial security and future retirement. Their reputation and sense of who they are as a person at work or home is at stake. Whilst anger is present, more often it is fear of uncertainty that is expressed. The fear is compounded with confusion over the illogical and inconsistent policy making and HMRC conduct that now taints and treats participants as criminal, greedy high earning individuals whose primary purpose was to avoid tax.

This is in contrast to participants' collective view of their 'self' as hardworking, law-abiding individuals looking for a practical way to work and conduct their financial affairs so that they can live and support their families with relative certainty. Prior to this situation, participants imply a belief that they felt they lived in a secure world that offered stability through a sense of fairness and a democratic legal process.

Our survey results demonstrate that the Loan Charge has destroyed the trust people have of the authorities that govern them. If a solution cannot be found the future for the vast majority is described as 'bleak' or 'non-existent'. Considering that 40 per cent of participants admit to having suicidal thoughts, this is a public health risk that needs addressing to save lives and avoid further strain on an overburdened health system.

Detailed Survey Questions and Analysis

The following report highlights key questions regarding demographical information of participants, their historical involvement with Loan Arrangements, HMRC interaction and participants' views on how the Loan Charge legislation is impacting their holistic wellbeing and life.

1. Please tell us how old you are?

| | |
|-------------|------------------------------|
| 1 per cent | 20-29 (16/1761) |
| 13 per cent | 30-39 (224/1761) |
| 43 per cent | 40-49 (758/1761) |
| 31 per cent | 50-59 (547/1761) |
| 11 per cent | 60-69 (192/1761) |
| 1 per cent | 70-79 (23/1761) |
| 0 per cent | 90-100 (1/1761) ¹ |

Based on their age, 74 per cent of participants will retire in the next 20 some years. Mirrored with Question 37 and 38 which ask about members' retirement and savings outlook and qualitative data, participants are certain that the amounts needed to pay the Loan Charge will reset their lives as if they were just entering the workforce, and hence will be unable to recover their finances sufficiently enough to live a retirement without relying on the State.

2. Are you a pensioner?

| | |
|-------------------------|-----|
| 8 per cent (138/1761) | Yes |
| 92 per cent (1623/1761) | No |

¹ This response seems doubtful. More investigation may reveal that it is genuine.

3. *How many Dependents do you have? (Dependents may consist of children under the age of 18, a spouse, elderly parent or an adult child/sibling you are caring for, or others).*

| | |
|--------------------------|---------------------------|
| 21.1 per cent (374/1768) | 0 Dependents ² |
| 24.3 per cent (429/1768) | 1 Dependent |
| 26 per cent (466/1768) | 2 Dependents |
| 19 per cent (336/1768) | 3 Dependents |
| 6 per cent (106/1768) | 4 Dependents |
| 5 per cent (44/1768) | 5 Dependents |
| 0.8 per cent (14/1768) | 6+ Dependents |

The Loan Charge directly impacts the 1,678 Loan Arrangement participants in this survey, and most certainly their dependents. Based on the data above, over 3,000 additional individuals will share in, at the very least, any financial consequences such as losing a home.

4. *Do you mainly work in the Public Sector or Private Sector?*

| | |
|---------------------------|---------|
| 14.2 per cent (249/1752) | Public |
| 85.8 per cent (1503/1752) | Private |

² Question 3's high response rate of '0 Dependents' may indicate some confusion by participants.

5. *What sector do you work in?*³

| | |
|------------------------|-------------------------------------|
| Information Technology | 40.5 per cent (699/1724) |
| Financial Services | 37.1 per cent (640/1724) |
| Oil / Gas | 11.6 per cent (200/1724) |
| Engineering | 6.9 per cent (119/1724) |
| Construction | 6.6 per cent (114/1724) |
| Telecoms | 6.3 per cent (109/1724) |
| Central Government | 5.6 per cent (97/1724) |
| Insurance and Risk | 5.6 per cent (97/1724) |
| Retail | 4.3 per cent (74/1724) |
| Health Service | 3.8 per cent (66/1724) |
| Accountancy | 2.6 per cent (44/1724) |
| Automotive | 2.5 per cent (43/1724) |
| Local Government | 2.1 per cent (37/1724) |
| Aviation | 1.7 per cent (30/1724) |
| Film and Media | 1.7 per cent (29/1724) |
| Education | 1.5 per cent (25/1724) |
| Health and Safety | 1.4 per cent (24/1724) |
| Dentistry | 1.3 per cent (23/1724) |
| Social Work | 1 per cent (17/1724) |
| Cleaning | 0.3 per cent (5/1724) |
| Haulage | 0.2 per cent (4/1724) |
| Chiropractic | 0.2 per cent (3/1724) |
| Other | 2.7 per cent (47/1724) ⁴ |

The following question highlights the various sectors that participants work in. Collecting employment data is difficult, particularly when spanning 20 years. Participants may have taken very radical career changes, they may provide the same service over a multitude of sectors, such as IT but mark that they work in financial services. So whilst this data may not accurately reflect what participants actually do in which employment categories, the data does provide some indication that those involved in contracting/freelance work/ Personal service companies are a flexible and adaptable employment pool that provides a valuable service to a multitude of employment sectors. That adaptability is essential for a service market. This data could add additional insight into the industries where the use of Loan Arrangements were or remain prominent.

6. *Please explain your personal and employment situation prior to entering a Loan Arrangement?*

³ Participants were offered the opportunity to make several choices to account for those who may have changed sectors or careers. Please note that the percentages do not add up to 100 because respondents could choose more than one option.

⁴ The 'Other' category included other employment sector options not listed such as 'Defense' and 'Agriculture', but only 1 or 2 participants chose these.

1726 out of 1768 responded to this question. The main themes are shown below. More thorough in-depth analysis could reveal additional themes.

- Was in Permanent Employment and entered a Loan Arrangement with my first service contract
- Ran a Personal Service Company/Limited Company and left due to IR35 Concerns
- Made redundant by employer and was hired back as a contractor by the same employer
- Moved to the UK and entered a Loan Arrangement based on the advice received
- History of receiving cold calling for IR35 and Loan Charge 'solutions'
- Employer told me I needed to move from an Ltd. to a Loan Arrangement in order to receive payment
- Was PAYE and had no experience being paid in this way

This data viewed in relation with the qualitative data, and questions 9, 10 and 12 provide sociological evidence that suggests contractors were in a vulnerable position prior to entering into a Loan Arrangement. For instance, participants were often 'green' and more concerned about simply starting the job and securing work (due to redundancy or urgency to avoid unemployment) than avoiding tax. These factors are reinforced by the results in questions 11 and 13 as to why they were attracted to the Providers marketed payroll/profit-extraction solutions and their reasons for joining. The same questions add additional support as to why those already running a PSC or Ltd. were also vulnerable but more so because of the issues surrounding IR35, or simply worn down by the daunting nature of running a company, or an employer telling the participant they could no longer be paid through an Ltd. and needed to switch to a Loan Arrangement. There are also emerging reports indicating that a significant amount of 'cold calling' occurred from promoters after 1999 warning those in PSCs or a Ltd. about the 'new' IR35 rules and hence offering loan arrangements an alternative. Parallels could be made with the current situation in which participants are receiving texts and emails from businesses offering them 'alternative solutions' to paying the Loan Charge.

7. *Was the contracting position only available through a single preferred supplier agency that the end client required you to use? (in other words, did you have to go to a particular agency in order to secure the work).*

| | |
|------------------------|-----|
| 48 per cent (842/1755) | Yes |
| 52 per cent (913/1755) | No |

8. *If so, did the preferred supplier agency encourage you to use the umbrella-company/loan-arrangement?*⁵

| | |
|-----------------------|-----|
| 53 per cent (398/751) | Yes |
| 47 per cent (353/751) | No |

9. *Who recommended that you use the Loan Arrangement? (Please Tick all that Apply)*⁶

| | |
|--------------------------|---|
| 41.6 per cent (732/1759) | The Promoter of the Loan Arrangement |
| 36.8 per cent (547/1759) | My Accountant or other Professional Advisor |
| 30.8 per cent (541/1759) | Family member/Friend/Colleague |
| 11.7 per cent (206/1759) | Job Agency |
| 8.4 per cent (148/1759) | My employer/End client |
| 6.4 per cent (112/1759) | No one, I was unaware I was in a Loan Arrangement |
| 1.8 per cent (31/1759) | Other ⁷ |

Questions 9, 10 and 12 as well as the qualitative data, reinforce the basic sociological theory of normalisation—the idea that behaviours, beliefs and choices are perceived as ‘normal’ by one’s social system. With the exception of 112 participants, all respondents heard about the Loan Arrangements from the social circles and trusted sources of authority for tax and employment. Hence, Loan Arrangements were recognised as a ‘norm’ because of the widely publicised marketing campaigns by promoters and the number of different groups that ‘recommended’ the product within the participants’ social networks. Participants, excluding the 8.4 per cent who declared that they were unaware they were in a Loan Arrangement, note that the recommendations came from more than one source. Further normalisation, and hence legitimacy, was gained not only because of who recommended, but by the trust and dependency participants had on those who were, at the time of their entry, understood to be an expert in tax and/or employment law. Participants’ social environment: recommendations, marketing, observed use by employers and peers, reasons for joining, and trust and dependency on those who recommended and promoted the arrangements gave credence to the legality of the various Loan Arrangements.

⁵ Results shown are only for respondents who answered “Yes” to Question 7. Of those, 91 respondents answered “Not applicable” or left Question 8 blank - those results were excluded.

⁶ Participants were offered the opportunity to make several choices to provide additional evidence on how and why participants were entering into Loan Arrangements. Please note, that the percentages do not add up to 100 per cent because multiple options were offered.

⁷ Review indicates that the responses are a variation of the original answer options, but these were not reallocated.

10. How did the Promoter, who sold you Loan Arrangement to you, present it? (Please tick all that apply). ⁸

| | |
|---------------------------|---|
| 86.5 per cent (1525/1764) | As Legal |
| 82.5 per cent (1455/1764) | As HMRC Compliant |
| 73.5 per cent (1297/1764) | As Acceptable Tax Planning |
| 68.2 per cent (1203/1764) | As QC Approved |
| 62.1 per cent (1096/1764) | As IR35 Compliant |
| 57.9 per cent (1021/1764) | As a legitimate alternative to PAYE/Limited Company (paying other types of tax such as 'benefit in kind' on the loans). |
| 49.2 per cent (868/1764) | As HMRC Approved |
| 42.2 per cent (745/1764) | Any change in tax law would be prospective and you would be informed |
| 34.7 per cent (612/1764) | The umbrella company was responsible for paying all of the appropriate tax |
| 34.1 per cent (601/1764) | Legislation would never be passed retrospectively. |
| 32.1 per cent (317/1764) | As DOTAS registered |
| 18 per cent (317/1764) | As not requiring DOTAS registration |
| 8 per cent (141/1764) | As a necessary arrangement to work for the employer |
| 2 per cent (36/1764) | Other (Freeform text entered) |

Questions 9, 10 and 12, with further support from the qualitative information contradict HMRCs research that states Loan Arrangement participants' sole intent was to avoid tax. Loan Promoters – those directly 'selling' the arrangements – presented themselves as experts in their field who were well aware of participants collective concerns through keywords such as: 'legal', 'compliant', and 'QC approved'. A historical timeline detailing the ways in which 'tax avoidance' becomes a contentious issue and data from Question 10 can provide insight on how promoters changed their marketing tactics over time as they adapted to policy changes. This was presented as being required to be maintain compliance or may have even gone so far as to purposely deceive participants from realising that the UK tax policies had changed. This was

⁸ Participants were offered the opportunity to make several choices to account reveal how the Loan Arrangement was or continue to be marketed. Please note, that the percentages do not add up to 100 per cent because multiple options were offered.

done to a group of people the promoters would have known are busy, concerned about doing their job and are not experts in tax or employment law.

11. *Do you recall the Promoter warning you of the risk that HMRC may disapprove and/or challenge the Loan Arrangements? (I.e. that they might not work as intended).*
(1764/1768)

| | |
|---------------------------|-----|
| 4.5 per cent (80/1764) | Yes |
| 95.5 per cent (1684/1764) | No |

Question 11 and 12 taken together show that: a) The Promoters were viewed as experts in their field and gave no indication that the arrangements were at risk for the 95.5 per cent of participants who answered 'No'; b) Those who marked 'Yes', still understood this to reinforce the professionalism and expertise of the Promoters. For instance, UK tax laws are incredibly complex and logic would dictate that new laws would be prospective giving people the opportunity to comply. Hence, may be presumptuous to judge those who marked 'Yes' as having a full awareness of their situation or assume that they are 'guilty' or 'deserving' of the plight without fully understanding how participants interpreted the warning.

12. *Please tick the significant factors that formed your decision to take part in a Loan Arrangement. (Please tick ALL that are applicable)⁹*

| | |
|---------------------------|---|
| 75.4 per cent (1320/1751) | Accountants would take care of everything |
| 72.2 per cent (1264/1751) | It appeared a quick and simple solution |
| 61.6 per cent (1078/1751) | It was quick and easy to set up |
| 54.6 per cent (956/1751) | I had concerns over tax rules (IR35/MS) |
| 7.1 per cent (124/1751) | My employer told me I had to use these arrangements (or transfer to using them) |
| 6.9 per cent (144/1751) | Other ¹⁰ |

⁹ Participants were offered the opportunity to make several choices to reflect the reasons why they entered a Loan Arrangement. Please note, that the percentages do not add up to 100 per cent because multiple options were offered

¹⁰ Twenty three Participants selected one of the pre-populated answers, 'to illegitimately avoid paying tax', however their other selections and answers to the open ended questions combined with analysis from participants collective experience casts doubt as to whether this was an intentional selection or a misunderstanding of the wording. There is some evidence that these respondents did not have English as a first language, but this cannot be confirmed.

13. Compared to the next best alternative arrangement (e.g. PAYE, Limited Company) how much do you perceive that you personally gained by entering into a Loan Arrangements? (Use your best judgement – percentage of the daily/monthly rate)¹¹

| | |
|--|-------------------|
| 22.9 per cent of participants (404/1763) | 0-5 per cent |
| 27.4 per cent of participants (483/1763) | 6-10 per cent |
| 17.5 per cent of participants (308/1763) | 11-15 per cent |
| 11.7 per cent of participants (207/1763) | 16-20 per cent |
| 4.1 per cent of participants (73/1763) | 21-25 per cent |
| 4.1 per cent of participants (38/1763) | 26-30 per cent |
| 1.5 per cent of participants (27/1763) | 31-40 per cent |
| 0.7 per cent of participants (13/1763) | 40-50 per cent |
| 1.5 per cent of participants (27/1763) | Above 50 per cent |
| 10.4 per cent of participants (183/1763) | Do not know |

14. What percentage of your daily/monthly rate was taken as a fee for the Arrangement? (if you received a total of 81%, then assume the fee was 19% and select “16-20 per cent”)¹²

| | |
|--|-------------------|
| 2.3 per cent of participants (40/1734) | 0-5 per cent |
| 13.7 per cent of participants (237/1734) | 6-10 per cent |
| 23.4 per cent of participants (406/1734) | 11-15 per cent |
| 45.3 per cent of participants (786/1734) | 16-20 per cent |
| 5.4 per cent of participants (93/1734) | 21-25 per cent |
| .7 per cent of participants (13/1734) | 26-30 per cent |
| .2 per cent (4 responses) | Above 30 per cent |
| 8.9 per cent of participants (155/1734) | I don't know |

¹¹ Those respondents marking 40+ per cent are thought doubtful based on the nature of these arrangements. Further in-depth research would be required to understand these responses.

¹² Those respondents marking very high fee rates are thought doubtful based on the nature of these arrangements. Further in-depth research would be required to understand these responses.

15. *Was the Loan Arrangement declared to HMRC? This could be a DOTAS declaration, a disclosure on your Self-Assessment, declared benefit-in-kind on P11D's etc.?*

| | |
|---------------------------|-----------|
| 62.0 per cent (1094/1764) | Yes |
| 10.1 per cent (178/1764) | No |
| 27.9 per cent (492/1764) | Uncertain |

Question 15 reinforces the results from Questions 9, 10, and 12 regarding the reasons why participants joined. This is a broader question to gauge how many participants were told that their affairs were declared to HMRC. 1,764 participants answered this question. Promoters claimed that Loans were legal in a variety of ways as the description states above. One of the most notable examples was the use of DOTAS as a means to justify the legitimacy of their service. However, participants now find themselves in a catch 22 in which outsiders interpret their legitimacy based on needing or not needing a DOTAS number. More importantly it reinforces the issue that participants were dependent and trusting of those who were, and in some cases remain, practicing financial and/or employment experts. These experts were paid to take the stress out of filling out tax forms and hence 27.9 per cent are now not certain of the details of what was required to be disclosed and what was actually disclosed (see more details in Questions 16, 17 and 18).

16. *Were you given a DOTAS Number (Scheme Reference Number) by the Promoter or anyone else?¹³*

| | |
|--------------------------|-----------|
| 30.4 per cent (536/1761) | Yes |
| 38.4 per cent (676/1761) | No |
| 31.2 per cent (549/1761) | Uncertain |

¹³ Question 16 builds upon Question 15 by asking more specifically about the issue of DOTAS. 1,761 participants answered this question. However further statistical investigation would be needed to thoroughly determine whether there is consistency between the other questions that ask about the technical details of participants Loan Arrangement knowledge. At this point, the suspicion is that the inconsistency may have a sociological explanation. The results appear to suggest that participants were not fully aware of the details of their involvement, nor did they think that they needed to be – much like using a lawyer to help you arrange a will or a doctor to advise on surgery. The qualitative and quantitative research indicates that participants trusted and depended on the experts to take care of their affairs legally and did not worry too much about the details themselves. Other reasons for the inconsistencies is that some people were involved in a number of different Loan Arrangements over time and the questions were not able to account for their situation.

17. Did you enter the DOTAS Number (Scheme Reference Number) into your Self-assessment?¹⁴

| | |
|-------------------------|-----------|
| 84.7 per cent (453/535) | Yes |
| 4.5 per cent (24/535) | No |
| 10.8 per cent (58/535) | Uncertain |

18. If applicable, why did you not enter the (DOTAS) Number into your self-assessment?¹⁵

| | |
|----------------------|--|
| 44.4 per cent (8/18) | Someone else completed the self-assessment |
| 33.3 per cent (6/18) | I was not aware I needed to.... |
| 22.2 per cent (4/18) | Any other reason |

19. In which Tax Years did you use a Loan Arrangement and HMRC subsequently opened an enquiry?

Out of the 1768 participants, 147 (8.4 per cent) answered that they do not have any open enquiries with HMRC at all.

Question 19 interacts with Question 20. See Question 20 analysis below for details of the interaction

20. In which Tax Years did you use a Loan Arrangement and HMRC subsequently have not opened an enquiry? (Please also tick any tax years where HMRC opened an enquiry, but subsequently closed it without finding that any further tax was due).

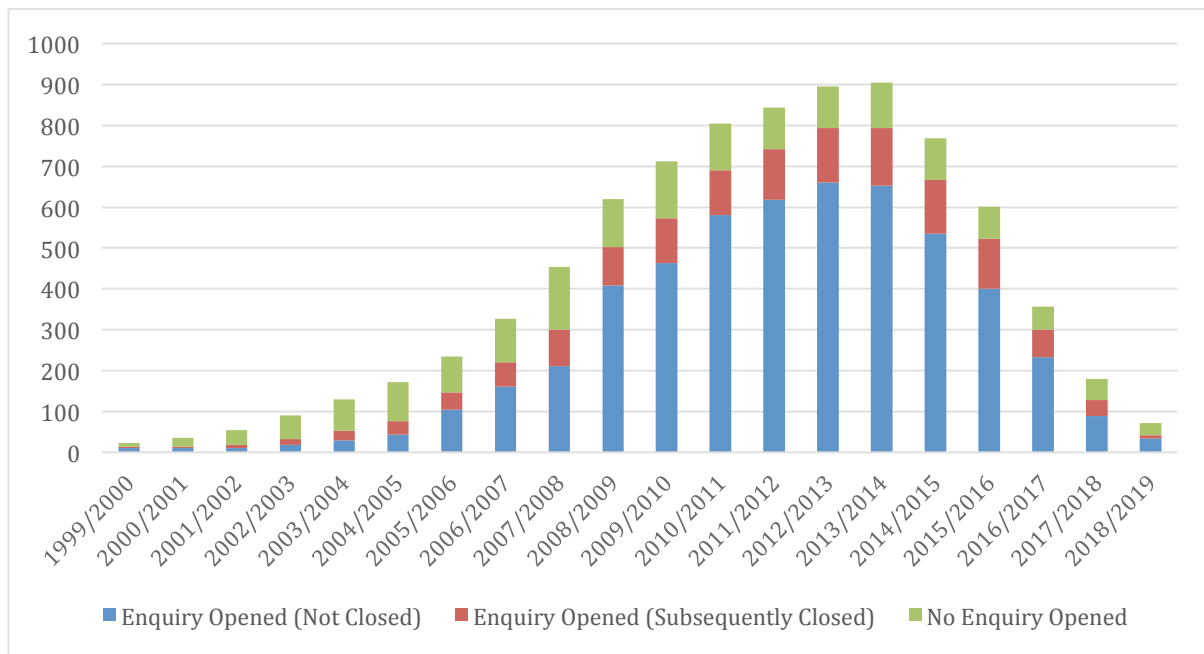
Question 20 was worded with the intention of capturing responses from individuals who had an enquiry opened and that enquiry was subsequently closed by HMRC as well as capturing tax years where HMRC never opened an enquiry.

The following chart shows three categories:

1. Tax Years with open enquiries (Selected Q19, but not Q20).
2. Tax Years with closed enquiries (Selected Q19, and Q20)
3. Tax Years where no enquiry was ever opened (Not selected Q19, but did select Q20)

¹⁴ Only respondents who answered "Yes" to Question 16 are shown. One respondent answered Yes to Question 16, but left Question 17 blank and is not shown.

¹⁵ Only respondents who answered "Yes" to Question 16 AND "No" to Question 17 are shown. Six respondents were in this population, but answered "Not Applicable" to Question 18 blank and are not shown.



The chart shows the increasing popularity of the loan arrangements over time, building to a peak in the 2013/14 Tax Year followed by a dramatic drop-off. HMRC’s actions prior to 2013/2014 appear to have had no impact on the use of these arrangements with steady increases year on year and no obvious dips. There is a possible self-selection bias in that individuals who have used loan arrangements more recently may not be aware of any issue in their tax affairs – if HMRC have not contacted them – and would not have participated in this survey. Approximately one third of the relevant tax years above appear to have no current open enquiry (3004/8277). Half of those closed tax years appear to have had an enquiry opened in the past and subsequently closed by HMRC (1354/3004). Whether HMRC closed the enquiry stating that no further tax is due is not known but may become apparent with further analysis of the qualitative answers. There is some evidence that survey participants are not aware of the discovery rules as they marked recent tax years as closed which they cannot be as they are still within the minimum 4-year discovery window. This reflects a poor understanding amongst the affected population of individuals as to what HMRC’s powers are to open tax enquiries and their personal situation with HMRC. Detailed statistical analysis of this data would be expected to yield many more insights.

21. *Where HMRC opened an enquiry into a tax year, were you clear from their letter(s) what HMRC were investigating?*

| | |
|--------------------------|------------------------------|
| 37.7 per cent (664/1764) | Yes |
| 47.9 per cent (845/1764) | No |
| 14.5 per cent (255/1764) | Not Applicable ¹⁶ |

It is apparent that the respondents were unable to understand HMRC's issues with their tax affairs when they first opened their enquiries.

22. *Where HMRC opened an enquiry into a tax year, did your accountant, or the Arrangement Promoter, tell you it was routine and not to be concerned?*

| | |
|---------------------------|------------------------------|
| 68.2 per cent (1199/1759) | Yes |
| 13.4 per cent (236/1759) | No |
| 18.4 per cent (324/1759) | Not Applicable ¹⁷ |

23. *Have HMRC clearly explained to you why any PAYE liability that your employer owes to HMRC has been transferred?*

| | |
|---------------------------|------------------------------|
| 2.0 per cent (36/1764) | Yes |
| 88.9 per cent (1568/1764) | No |
| 9.1 per cent (160/1764) | Not Applicable ¹⁸ |

Respondents overwhelmingly appear to be unclear as to how and why HMRC are able to transfer liability for any tax underpaid from the employer to the individuals.

¹⁶ Respondents who answered "No Open Enquiries" to Question 19 would naturally be expected to answer "Not Applicable" to Question 21. Further investigation examining responses to other question could reveal why the answers do not correspond.

¹⁷ See Footnote on Question 21. It is possible that respondents did not understand this question or that they were no longer in contact with professionals who could provide such advice at the time that HMRC opened their enquires.

¹⁸ The large number of 'Not Applicable' responses may correspond with individuals who believed themselves to be self-employed and therefore, to have no employer. Further research is recommended.

24. *What measures do you believe you will have to take (or have already taken) to settle with HMRC? (Please tick ALL that are applicable).*

| | |
|---------------------------|--|
| 59.5 per cent (1049/1763) | Use up Savings |
| 42.7 per cent (752/1763) | HMRC agreed Time-To-Pay (TTP) arrangement |
| 41.6 per cent (734/1763) | Sell other assets (including other properties, vehicles, valuables) |
| 38.9 per cent (686/1763) | Sell main home |
| 31.7 per cent (559/1763) | I have no possible means to pay HMRC what they claim I owe |
| 29.6 per cent (522/1763) | Commercial Borrowing (new mortgage, additional mortgage or other borrowing). |
| 24.7 per cent (436/1763) | Borrow from Friends and family |
| 19.4 per cent (342/1763) | Cash in pension fund |
| 8.5 per cent (150/1763) | Gifts from Parents/Family/Friends |
| 6.4 per cent (113/1763) | Equity Release |
| 6.2 per cent (109/1763) | Other |

25. *Has HMRC given any information to you about their actions to pursue any other parties for the tax that HMRC claim is owed?*

| | |
|---------------------------|---|
| 2.1 per cent (37/1702) | Yes--HMRC are pursuing employer/ end client |
| 1 per cent (18/1702) | Yes—HMRC are pursuing the party that ran the loan arrangement |
| 0.3 per cent (6/1702) | Yes—HMRC are pursuing both of the above |
| 96.5 per cent (1702/1763) | No |

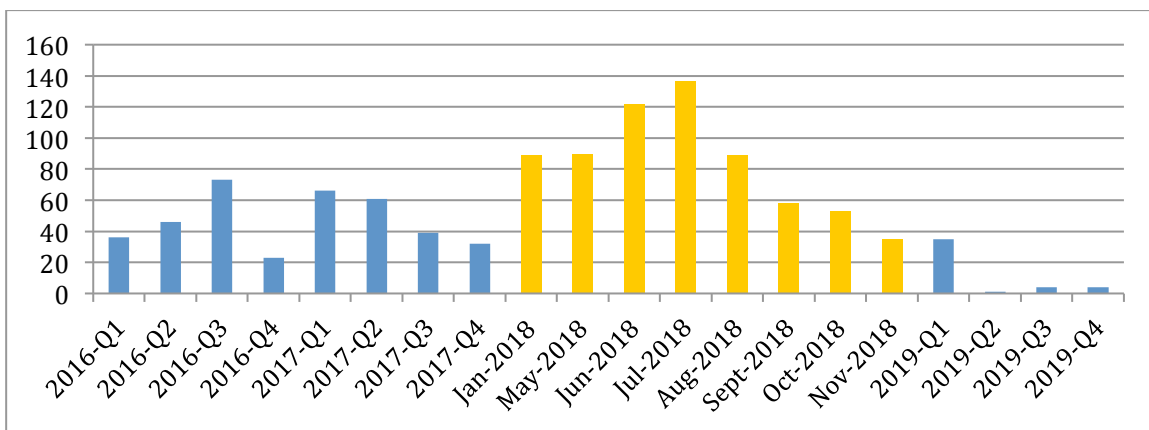
26. Which year did HMRC directly and formally notify you about the Loan Charge? (Year - month to follow)?

| | |
|--------------------------|-------|
| 10.1 per cent (178/1754) | 2016 |
| 11.3 per cent (198/1754) | 2017 |
| 44.2 per cent (776/1754) | 2018 |
| 2.5 per cent (44/1754) | 2019 |
| 31.8 per cent (558/1754) | Never |

Question 26 highlights that 31.8 per cent of participants have not received a formal correspondence from HMRC regarding the Loan Charge. This question is under further investigation as at least one written response indicated that they answered the question based on when WTT informed them and some of those marking 2019 do not make sense when paired with Question 27 as we are still in the first quarter of the year and they marked the later months of 2019. It is clearly apparent that the number of people who were given a full three years notice by HMRC is vanishingly small.

27. What month did HMRC inform you? (1726/1768)¹⁹

Please take note that 44.2 per cent state they were informed about the Loan Charge in 2018. The chart shows in detail the months for 2018 in detail and only the quarters for all other years. A small number of respondents selected later months in 2019 which are clearly errors, but these results are still included for completeness.



¹⁹ 28 respondents answered Question 26 but failed to answer Question 27.

28. What is the amount that HMRC say (or that you expect HMRC to say) you owe and HMRC would be prepared to settle?

| | |
|--------------------------|---------------------------------|
| 3.6 per cent (63/1767) | £0-£15,000 |
| 5.4 per cent (96/1767) | £15,000-£30,000 |
| 8.7 per cent (154/1767) | £30,000-£50,000 |
| 19.5 per cent (345/1767) | £50,000-£100,000 |
| 24.5 per cent (433/1767) | £100,000-£200,000 |
| 10.5 per cent (186/1767) | £200,000-£300,000 |
| 4.8 per cent (85/1767) | £300,000-£400,000 |
| 2.2 per cent (39/1767) | £400,000-£500,000 |
| 3 per cent (53/1767) | £500,000-£750,000 |
| 1 per cent (17/1767) | 750,000-1,000,000 |
| 1.2 per cent (21/1767) | £1,000,000+ |
| 15.6 per cent (275/1767) | I don't know/ I cannot estimate |

29. How much do you expect to earn in the next 12 months?

| | |
|--------------------------|-------------------------|
| 8.3 per cent (146/1758) | £0-£15,000 |
| 9 per cent (158/1758) | £15,000-£30,000 |
| 27.5 per cent (484/1758) | £30,000-£50,000 |
| 41.2 per cent (725/1758) | £50,000-£100,000 |
| 8.9 per cent (157/1758) | £100,000-£200,000 |
| 4.3 per cent (76/1758) | Unemployed/ not earning |
| 0.8 per cent (12/1758) | Other ²⁰ |

²⁰ Some respondents selected very large expected earnings. It is unclear if these were intentional genuine selections, or if they were unintentional or non-genuine respondents. Further research would be required to determine this.

30. What is the total amount you would have to pay to HMRC as a proportion of what you expect to earn?

| | |
|--------------------------|--|
| 4.1 per cent (73/1764) | 0-25 per cent |
| 6.9 per cent (122/1764) | 26-50 per cent |
| 8.3 per cent (147/1764) | 51-75 per cent |
| 14.9 per cent (262/1764) | 76-100 per cent |
| 10.4 per cent (183/1764) | 101-150 per cent |
| 8.8 per cent (155/1764) | 151-200 per cent |
| 11.2 per cent (197/1764) | 201-300 per cent |
| 5.7 per cent (100/1764) | 301-400 per cent |
| 3 per cent (53/1764) | 401-500 per cent |
| 13.9 per cent (245/1764) | More than 5 times what I expect to earn in the next year |
| 5.9 per cent (104/1764) | I currently have no income |
| 7 per cent (124/1764) | I cannot calculate for any other reason |

Question 30 clearly demonstrates that large numbers of people expect demands for tax from HMRC that are totally disproportionate in comparison to their current earnings.

31. Hypothetically, if these were the only two options available, would you choose to....

- Agree a long (5+ year) time to pay agreement
 - Declare Bankruptcy voluntarily
- | | |
|------------------------|---|
| 55 per cent (861/1563) | Agree a long (5+year) Time-To-Pay agreement |
| 45 per cent (702/1563) | Declare bankruptcy voluntarily |

It is clear from this question that half the individuals understand that signing up for a long time-to-pay agreement is not in their best interests and that voluntary bankruptcy is their preferred option to escape their situation even if HMRC state that they will only pursue this in extreme circumstances.

32. *Has the anticipation of the Loan Charge impacted your... (Please tick ALL that apply)*

- *Mental wellbeing? (For example: Altered Cognitive functioning, perhaps less ability to concentrate being preoccupied, low energy, difficulty with focussing on tasks).*
- *Emotional wellbeing? (For example: Persistent low mood, recurrent feelings of hopelessness, unstable mood, anger, despair, resentment, apathy).*
- *Physical wellbeing? (For example: Symptoms or illnesses not directly attributed to poor health).*
- *Social wellbeing? (For example: Loss of enjoyment or interest in hobbies, feelings of isolation from friends, partner, or family, avoiding social situations).*

| | |
|-------------------------|---------------------|
| 96 per cent (1697/1768) | Emotional Wellbeing |
| 89 per cent (1575/1768) | Mental Wellbeing |
| 81 per cent (1428/1768) | Social Wellbeing |
| 55 per cent (965/1768) | Physical Wellbeing |

Question 32 indicates how participants view their wellbeing in four areas. 96 per cent of people are suffering emotionally and 89 per cent mentally. Their social wellbeing is 81 per cent while over half are experiencing physical symptoms which they describe elsewhere in the survey such as alopecia, suffering heart attacks and having pre-existing conditions such as ME resurface or become exasperated by the stress which they directly attribute to their situation involving the Loan Charge.

33. *Are you in danger of losing your home due to the Loan Charge?*

| | |
|--------------------------|-----------|
| 46.5 per cent (820/1765) | Yes |
| 21.6 per cent (381/1765) | No |
| 32.0 per cent (564/1765) | Uncertain |

Please note that 78.5 per cent of participants live in uncertainty with regards to their and, where applicable, their family's living arrangements.

34. *Are you in danger of going bankrupt due to the Loan Charge?*

| | |
|--------------------------|-----------|
| 51.1 per cent (900/1761) | Yes |
| 22.1 per cent (389/1761) | No |
| 26.8 per cent (472/1761) | Uncertain |

77.9 per cent of participants live in financial uncertainty, unable to plan financially for their future.

35. *I fear my family relationships (immediate or extended) are breaking down?*

| | |
|---------------------------|-----|
| 68.1 per cent (1204/1767) | Yes |
| 31.9 per cent (563/1767) | No |

36. *Are you in danger of losing your career because of the Loan Charge?*

| | |
|---------------------------|-----|
| 56.9 per cent (1000/1759) | Yes |
| 43.1 per cent (759/1759) | No |

37. *Are you concerned that you will be reliant on State Benefits because of the Loan Charge?*

| | |
|--------------------------|------------------------------|
| 39.4 per cent (695/1763) | Yes—as I approach retirement |
| 29.6 per cent (521/1763) | Yes—Immediately |
| 31.0 per cent (547/1763) | No |

Question 37 should give cause for concern with 69.0 per cent of participants (and families where applicable) will be reliant on state benefits at some point in their life as a result of the Loan Charge.

38. *Do you expect to lose all, or the majority of your savings for retirement²¹?*

| | |
|---------------------------|----------------|
| 81.8 per cent (1447/1769) | Yes |
| 10.6 per cent (188/1769) | No |
| 7.6 per cent (134/1769) | Not applicable |

²¹ At least one participant who marked 'Not applicable', but elsewhere indicated that they have already lost their savings relating to issues involving the Loan Charge. This could be investigated further to understand if this is true of other participants. Please note, renting is not viewed as a 'secure' way of living as it creates further uncertainty in their lives.

39. How would you describe your future if the Loan Charge proceeds?²²

Some of the words which came up repeatedly in this section were:

- Bleak
- There is no future (Financially and / or with family)
- Suicide
- Dependent on State Benefits (before or towards retirement)
- Leave the country
- Live in an Orwellian/Kafkaesque/Undemocratic country
- I feel a criminal
- Mis-sold
- Unable to support family
- Loss of career
- Have interest on a debt that I never knew I had

Additionally, the answers have been made into a word cloud which provides a sense of what respondents are most concerned about.



²² There is a wealth of information in the responses which could be investigated further.

40. *Since learning about the Loan Charge I have had thoughts of suicide, including making plans and writing final letters.*

| | |
|-------------------------|-----|
| 40 per cent (706/1764) | Yes |
| 60 per cent (1058/1764) | No |

41. *Since learning about the Loan Charge I have had periods when I have felt panicky, anxious or unable to cope.*

| | |
|---------------------------|-----|
| 94.8 per cent (1672/1764) | Yes |
| 5.2 per cent (92/1764) | No |

42. *Since learning about the Loan Charge I have lost confidence in government institutions engaging in fair practice.*

| | |
|---------------------------|-----|
| 99.5 per cent (1759/1767) | Yes |
| 0.5 per cent (8/1767) | No |

43. *Since learning about the Loan Charge I have felt that I am being treated as a criminal.*

| | |
|---------------------------|-----|
| 98.5 per cent (1738/1764) | Yes |
| 1.5 per cent (26/1764) | No |

44. Is there anything else you would like to add that this survey has not addressed?

Warning for the reader: Although the responses remained polite, the summarised rawness of participants concerns, their assessment of their situation, reflections and future statements may be unsettling to read.

The main themes are listed below. Additional themes may emerge with a more in depth analysis.

- I will commit suicide
- Retrospective/retroactive legislation is unlawful, punitive, against the rule of law
- HMRC is corrupt, complicit in this situation, Orwellian, Kafka like
- The government is corrupt, complicit in this situation, Orwellian, Kafka like
- HMRC has lied
- Government officials and Social Service Staff have lied
- Why are the Promoters not being pursued?
- Why did HMRC do nothing for years?
- My family has/will leave me
- I and/or my family will be homeless
- I blame the government for this situation
- HMRC have taken months (21 in one case) to come back with settlement figures
- I feel that I am being treated like a criminal
- Debt Servitude to HMRC and the State
- I was lied to/mis-sold legal financial planning
- I have never been dependent on the state/fear, concern of having to rely on the State etc
- I have paid the promoter and HMRC the honour of working for free for the company that used my services.
- No hope for fairness
- Disbelief
- Worked decades for nothing
- Losing the right to access legal protection