



All-Party Parliamentary Loan Charge Group

www.loanchargeappg.co.uk

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

2nd July 2019

Dear Chancellor

In response to your letter dated May 17th, I am writing to you again to correct the statement you made to the Select Committee on Wednesday 24th April, and to also correct the further incorrect claims made in your reply to me. The Rt Hon Nicky Morgan MP is also in copy of this letter as Chair of the Treasury Select Committee.

The statement that you made before the Treasury Select Committee, as quoted in my letter to Nicky Morgan, was, *"It is my understanding that the APPG, which carried out this review, is served by a secretariat, which itself includes people who, by their own admission, have been involved in the promotion of these avoidance schemes"*.

As I have made clear, this statement is entirely false. It is very disappointing that despite being unable to substantiate this false claim, you have refused to withdraw it and to correct the record.

The accusation you have made would appear to be directed at Mr Phil Manley, a tax adviser and a former HMRC employee. Mr Manley has made clear at all times, including in public forums, that he is a tax adviser and that he offers tax advice. Your allegation that he has 'promoted' a tax avoidance scheme is false.

Your false statement at the Treasury Select Committee and your subsequent attempt to attack the APPG is grossly misguided. Mr Manley holds no formal role with the APPG nor has he ever been appointed to any such role. Indeed, no such role exists. Likewise, Mr Manley holds no such role with the Loan Charge Action Group, nor has he ever.

Chair: Sir Edward Davey MP Vice-Chairs: Ruth Cadbury MP, Ross Thomson MP, Baroness Kramer, Liz Twist MP

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As an independent tax adviser, Mr Manley has offered advice to the APPG on tax law with regard to the Loan Charge on an informal basis, as have many other professionals in the sector. This input has been provided on the basis of Mr Manley's first-hand experience, from his own clients, of the devastation the Loan Charge will cause, and has already caused, many thousands of individuals and families. Mr Manley is also acutely aware that the reality of the Loan Charge and the impact on those facing it are very different from the grossly misrepresentative picture painted by the Treasury and HMRC.

I ask again that you correct the record to the Treasury Select Committee. I note that this is not the first time you have made incorrect statements when it comes to the Loan Charge. At a previous appearance before the Treasury Select Committee on November 5th 2018 you wrongly stated that:

“HMRC was always clear that seeking to avoid payment of income tax through the use of loans was tax evasion and was not lawful”.

You corrected this false statement in your letter to the Treasury Select Committee dated November 19th 2018 published on the Select Committee website.

You made a similarly false claim on the BBC Andrew Marr Show on 28th October 2018 when you stated:

“...the Loan Scheme, disguised remuneration disguised as loans was always illegal tax avoidance we've always been very clear about that, there's never been any doubt about it, and people should have known that what they were doing was unlawful”.

This false statement has not been corrected.

The Loan Charge APPG stands by our comprehensive Loan Charge Inquiry. The Inquiry was run along the same lines as a Select Committee. Its findings are based on evidence – over nine hundred written submissions and two oral evidence sessions. As you are aware, the Treasury and HMRC were both invited to a third evidence session, but declined to attend.

You write that there are 'inaccurate allegations' in the Loan Charge Inquiry report. Could you please detail these as to date none have been reported?

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I remain deeply troubled at the systematic way HMRC and the Treasury have sought to mislead with regards to the Loan Charge. The APPG believes that this is a matter that needs to be fully and properly investigated by the Treasury Select Committee and we hope that, seeing the evidence in the Loan Charge Inquiry report, they will do so.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Sir Ed Davey', with a horizontal line underneath.

Sir Ed Davey MP
Chair
Loan Charge APPG

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