



All-Party Parliamentary Loan Charge Group

www.loanchargeappg.co.uk

Rt Hon Rishi Sunak MP
Chancellor of the Exchequer
HM Treasury
1 Horse Guards Road, London
SW1A2HQ
24th February 2020

Dear Chancellor,

Our congratulations on your appointment as Chancellor.

We realise, of course, that you will have a busy few weeks ahead of you, but are writing to you urgently in order to ask for a meeting to discuss the ongoing and still unresolved issue of the Loan Charge.

The membership of the Loan Charge APPG continues to grow and now numbers over 200 MPs and Peers. This reflects continuing concerns that this legislation undermines the Rule of Law, removes normal taxpayer protections and applies punitive settlement terms without actually providing any closure regarding the underlying tax disputes. HMRC has contended repeatedly that these loans are not really loans, but this opinion is being challenged by the fact that some taxpayers are now facing demands for loans to be repaid by the lender or current owner of the debt. In certain circumstances, the current policy could result in taxpayers having to both repay the full value of their loans and also be charged life-changing sums of tax on the same loan amounts by HMRC.

The recent report by Sir Amyas Morse concluded that the Loan Charge was neither proportionate nor fair. Sir Amyas decided that retrospection should be limited to 2010 - originally the Loan Charge looked back to 1999. The 2010 date was chosen by Sir Amyas as, in his opinion, this was when the law was 'made clear' that loans made by employer to employee via a third party were no longer acceptable. However, in our opinion and in the opinion of many experts whom we have met and corresponded with, the legislation announced in 2010, and enacted in 2011, was anything but clear. The legislation was also entirely silent regarding other arrangements that either did not involve an employee-employer relationship, or did not involve a third-party. Such arrangements continued after 2010 and were still actively being recommended by professional advisers as they were not subject to this 2011 legislative change. We have corresponded with many of the professionals whom Sir Amyas named in his report and we will be publishing their views shortly, but, in summary, they do not all support the view that the law was clear after 2010.

Co-Chairs: Sir Edward Davey MP, Ruth Cadbury MP, Sir Mike Penning MP
Vice-Chairs: Baroness Kramer, Andrea Jenkyns MP, Sammy Wilson MP

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We wish to clarify, once again, that we firmly believe that all taxpayers must pay tax due according to the law and that tax avoidance should be rooted out. We support legislation to close loopholes, and we are aware that much more needs to be done in this area. But, we do not believe that ordinary people should be subject to retrospective legislation in any cases where the law was not clear at the time and people were acting on the basis of professional advice as to what was allowed. Disallowing these people from having any right to appeal HMRC's opinions via the normal tribunal and court process undermines the rule of law.

We are also extremely concerned about the ongoing risk to people's mental health and wellbeing and the fact that a false impression is being given that the proposed legislative changes will resolve this, when in reality thousands of people will still face unpayable demands. We are still receiving many reports of relationship and mental health breakdowns and of people facing severe financial difficulties.

We do not believe that the current changes to the Loan Charge legislation are a fair solution to the ongoing issues, nor would they be the end of the matter or of the risk to many individuals. We would appreciate meeting with you as a matter of urgency to put forward the case for further reform and for a fair resolution to be found to this whole situation.

Please let us know when you are available.

Yours sincerely,



Sir Ed Davey
Co-Chair



Ruth Cadbury
Co-Chair



Sir Mike Penning
Co-Chair

On behalf of the Loan Charge APPG

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