



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
SW1A 2HQ

29th September 2020

Dear Chancellor,

URGENT – Clear failure and discrimination by HMRC in Loan Charge related settlements

We are writing to you again as a matter of urgency with the Loan Charge declaration date due tomorrow (30th September), to urge you to look at the reality of the settlement discussions of people facing the Loan Charge.

We have been sent a significant amount of evidence of many different cases of people who have been seeking to settle with HMRC to avoid the Loan Charge **and it is absolutely clear from all this evidence that people are being denied the right to settle by HMRC's own delays and inaccuracies.**

We have seen cases where HMRC have been rushing out settlement letters in the last few days and expecting the settlement to be agreed within two or three business days by Wednesday 30th September, despite those individuals meeting HMRC's deadlines throughout the process. This is unreasonable and, considering their part in these delays, hugely unfair to expect people to be able to agree their life changing settlement figures in such a limited timeframe when in many cases individuals have been waiting months to receive them from HMRC.

In many cases, people have been sent completely different settlement figures from figures previously issued and yet have been expected to agree within a matter of a few days, without the opportunity to properly understand and analyse them, let alone challenge them, despite the nature of the sums they are being asked to sign up to and the impact this will have on their lives. Individuals also must agree to having committed wrongdoing in order to settle, something that is wrong and unnecessary and could be in breach of the human rights law and the right to trial.

In some cases there have been clear errors in calculations, errors that the individual has the right to challenge (and the right not to agree to a settlement agreement based on incorrect figures) yet in the current timescale this is impossible. This leaves them with the choice of settling in the knowledge that the settlement figures are wrong, or not settling and being hit with the Loan

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Charge. This is contrary to natural justice and would not be acceptable nor legal in any other situation where people are being asked to make life-changing financial decisions and would not be legal for a bank or other financial institution to push people into such decisions.

It also continues to be the case that some HMRC settlement offers are seeking unreasonable proportions of disposable income, in many cases more than 50% of disposable income. This is contrary to the Morse recommendation of no more than 50% and is contrary to statements made by Jim Harra on the same matter. What's more, in some cases HMRC continue to ask for several times more than people's disposable income.

We have been sent evidence of more than one case where HMRC have sent one person's settlement details/offer to someone else. This is a serious breach of data protection, as well as a situation where clearly it is impossible for the individuals involved to settle in time to avoid the Loan Charge (as well as exacerbating the anxiety and distress of these individuals).

HMRC have responded to complaints about delays citing COVID and the fact that settlement 'takes time' whilst in the same letter demanding the individual settle by the 30th September or file and pay the Loan Charge. That clearly isn't reasonable.

We have also seen that HMRC are not treating people the same when it comes to what they are including in settlement figures or not. This includes:

- In some cases, deducting promoter's fees and in other cases not doing so and in some cases, refusing to do so.
- In some cases, deducting interest and in other cases not doing so and in some cases, refusing to do so.
- In some cases, charging Inheritance Tax and in other cases not doing so and in some cases, refusing to waive this.
- in some cases, demanding settlement of Pre Dec 2010 years, and where APNs have been paid for these years, refusal to refund/credit said APN amounts to settlement.

This is also unacceptable and we believe is potentially unlawful, as it amounts to treating different taxpayers in contrasting and discriminatory ways.

We must again urge that you look into and understand these issues and do the only fair and decent thing and announce a delay of the Loan Charge, to allow proper conclusions to settlements. This would also help HMRC, who are struggling with the huge workload of Covid-19 support schemes as well as the thousands of loan related cases they are currently dealing with. To not grant such a delay we believe is denying people the right to settle, as envisaged by HMRC and the Treasury.

It is unfortunate that we must once again flag up our increasing concern for the mental health and wellbeing of people facing the Loan Charge. We are getting reports, including from the Loan Charge Action Group Help Line volunteers, of increasing distress and worryingly, and of more

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people expressing thoughts of self-harm and suicide. Considering the wider challenges that the Covid-19 crisis presents for both individuals (which includes loss of income) and for HMRC (who are struggling with the huge additional workload of Covid-19 support schemes), surely the commonsensical and compassionate thing to do is to delay the Loan Charge and to allow for settlements to be concluded properly?

We hope that you will now properly consider this urgent request. Now is not the time for more stock responses. There is an impending mental health crisis amongst those facing the Loan Charge and the reality is that many people will go bankrupt and lose their homes (something that has already started happening, despite HMRC's previous assurances).

We urge you to do the right and compassionate thing as well as avoiding a clearly unacceptable situation where people are denied the right to settle and/or are discriminated against due to HMRC's own failures. To not grant such a delay we believe is denying people the right to settle, as envisaged by HMRC and the Treasury.

We look forward to hearing from you as a matter of urgency.

Yours sincerely,



Sir Ed Davey
Co-Chair



Ruth Cadbury
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