

# Open Letter To The Prime Minister And Chancellor On The Loan Charge

July 2021

Dear Prime Minister and Chancellor,

We are writing, as Parliamentarians who remain very concerned about the Loan Charge and its inevitable devastating impact on thousands of UK families. If the Government does not act to instruct HMRC to change course, then we are fearful of what the consequences will be when HMRC enforce the Loan Charge.

New information has come to light that further highlights the injustice people are facing that should lead to the Government accepting that further changes are needed, both to avoid the otherwise disastrous consequences of allowing HMRC to enforce the Loan Charge and to bring a fair and just resolution to what remains a deeply controversial policy.

Three very significant things have been revealed by recent Freedom of Information requests:

**1. That HMRC tried and failed to find legal precedent for them being permitted to pursue individuals, rather than employers**

First Permanent Secretary and Chief Executive of HMRC Jim Harra has admitted ([in an internal email to senior colleagues](#)) *"In recent months I have repeatedly tried to obtain legal analysis to understand the strength of our claim with very little success"*.

- This undermines the claim that the Loan Charge is based on the outcome of legal cases. The reality is that the Supreme Court judgment in the Glasgow Rangers' case in 2017, often wrongly cited as legal precedent for the Loan Charge, deemed employers to be liable for any tax deemed to be avoided. This decision did not give HMRC the right to directly pursue individual contractors.
- It also fundamentally undermines the conclusion of the Morse report, which claimed 'the law was always clear' from December 2010, when HMRC themselves can't prove that.

**2. It was HMRC who came up with the idea of the Loan Charge, not the Treasury**

Ministers should decide policy, yet HMRC developed the idea of the Loan Charge [and proposed it in advice to Treasury ministers](#) in September 2015. It is also clear that HMRC proposed the Loan Charge as they had failed to win court cases allowing them to pursue individuals, which is the opposite of the impression given.

**3. Even HMRC realise that the Loan Charge is a "debacle".**

First Permanent Secretary and Chief Executive Jim Harra calls it the "Loan Charge debacle". He is right and this has gone on for long enough and needs a proper, reasonable solution to resolve this debacle and end the nightmare for thousands of UK families.

**The need for a fair resolution to avoid thousands of bankruptcies**

Most people facing the Loan Charge are clearly victims of mis-selling, having been assured that schemes were fully compliant and given no warning by advisers and scheme promoters of any risk.

There have been no convictions and no prosecutions of anyone for promoting/operating loan schemes nor have promoters/operators of schemes been asked to pay a penny, despite making millions.

If HMRC enforce the Loan Charge, it will inevitably lead to thousands of bankruptcies, which makes no sense at all, each one has a cost to the taxpayer and in many cases, for many affected, being declared bankrupt will prevent them from working again or paying any taxes. We are also concerned about the mental health impact, with the fact that there have been suicides of people facing the Loan Charge previously.

We urge you to finally accept that the Loan Charge is not fair and to consider all options to resolve this issue, fairly and practically, once and for all, to end this nightmare for tens of thousands of UK families but also to get HMRC out of the situation they are in, having failed to predict the impact of the Loan Charge. We hope that the Government will explore all options for resolving 'the Loan Charge debacle' which would finally allow the Government, parliamentarians and families affected, to move on.

Yours sincerely,

Mohammad Yasin MP  
Dr Matthew Offord MP  
Baroness Meacher  
Alan Brown MP  
Rt Hon Sir Ed Davey MP  
Angela Crawley MP  
Marion Fellows MP  
Kenny MacAskill MP  
Neale Hanvey MP  
Andrew Rosindell MP  
Drew Hendry MP  
Wera Hobhouse MP  
Margaret Ferrier MP  
Layla Moran MP  
Chris Stephens MP  
Hywel Williams MP  
Paul Girvan MP  
Neil Coyle MP  
Gregory Campbell MP  
Derek Thomas MP  
Adam Holloway MP  
Philip Hollobone MP  
Deirdre Brock MP  
Dan Carden MP  
Geraint Davies MP  
Andrew Bridgen MP  
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Stephen Hammond MP  
Rt Hon Sir Mike Penning MP  
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Rebecca Long-Bailey MP  
Desmond Swayne MP  
Gavin Newlands MP  
Gavin Robinson MP  
Christina Rees MP  
Munira Wilson MP  
Rt Hon Alistair Carmichael MP  
Rt Hon Esther McVey MP  
Stephen Metcalfe MP  
Chris Law MP  
Graham Stringer MP  
Ben Everitt MP  
Jon Cruddas MP  
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Rosie Cooper MP  
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Brendan O'Hara MP  
Grahame Morris MP  
Martyn Day MP  
Sir Bob Neill MP  
Lord Kerr of Kinlochard

Greg Smith MP  
Stewart McDonald MP  
Crispin Blunt MP  
Ian Paisley MP  
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Sarah Olney MP  
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Wendy Chamberlain MP  
Jamie Stone MP  
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Rt Hon Sir Iain Duncan Smith  
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Sir Peter Bottomley MP  
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Fiona Bruce MP  
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Martin Vickers MP  
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Dr Philippa Whitford MP  
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