

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

Dave Doogan MP

James Gray MP

Stephen Hammond MP

Rt Hon Sir Mike Penning MP

Rt Hon Sammy Wilson MP

Dr Lisa Cameron MP

John McNally MP

Rt Hon Karen Bradley MP

Richard Thomson MP

Ben Lake MP

Christine Jardine MP

Henry Smith MP

Colum Eastwood MP

Tim Farron MP

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

William Wragg MP

Rosie Cooper MP

Carol Monaghan MP

Brendan O'Hara MP

Grahame Morris MP

Martyn Day MP

Sir Bob Neill MP

Greg Smith MP

Stewart McDonald MP

Crispin Blunt MP

Ian Paisley MP

Allan Dorans MP

Sarah Olney MP

Carla Lockhart MP

Wendy Chamberlain MP

Jamie Stone MP

Tommy Sheppard MP

Andy Slaughter MP

Baroness Kramer

Rt Hon Dr Julian Lewis MP

Owen Thompson MP

Liz Saville Roberts MP

Angus B MacNeil MP

Daisy Cooper MP

Andrew Gwynne MP

Rt Hon Sir Iain Duncan Smith

Jim Shannon MP

David Jones MP

Peter Bone MP

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Claire Hanna MP

Sir Peter Bottomley MP

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Fiona Bruce MP

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John McDonnell MP
Tony Lloyd MP

Lord Kerr of Kinlochard
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Caroline Lucas MP
Gordon Henderson MP
Anne McLaughlin MP
Philip Davies MP
Sir Roger Gale MP
Martin Docherty-Hughes MP
Rupa Huq MP
Emma Hardy MP
Karl Turner MP
Claudia Webbe MP

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