



All-Party Parliamentary Loan Charge & Taxpayer Fairness Group

www.loanchargeappg.co.uk

Lucy Frazer QC MP
Financial Secretary to the Treasury
HM Treasury
1 Horse Guards Road
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27th September 2021

Dear Lucy,

Urgent need to revisit the Loan Charge and look at all the evidence now revealed via FOI requests

Firstly, we offer our warm congratulations on your appointment as Financial Secretary to the Treasury and wish you luck in this important role. We are writing - on behalf of the 245 members of the Loan Charge and Taxpayer Fairness Group from both Houses of Parliament - to urge you to look afresh at the Loan Charge and to understand that a change of approach is needed from the Government and from HMRC, to avoid the devastating consequences that are otherwise inevitable, should HMRC enforce the Loan Charge.

You are undoubtedly aware that the Loan Charge remains a deeply controversial policy and that there are many Parliamentarians, including scores of Conservative MPs, who have expressed serious concern over it. The new Chief Secretary to the Treasury, Simon Clarke, is one of them.

There are now 133 Parliamentarians who have signed the [open letter to the Prime Minister and the Chancellor](#), calling for a fair resolution to the Loan Charge, something that is also backed by many professionals in the sector, as well as those impacted by the Loan Charge. This letter and this call must be taken seriously in light of the known (and well-documented) risk of simply continuing as planned with HMRC enforcing the Loan Charge. HMRC themselves know that there will be grave consequences if they do. It is apparent that they had expected many more people to settle rather than face the Loan Charge itself, but with the unaffordable, punitive settlement terms on offer, this did not happen. HMRC are themselves in a seriously problematic situation and need Ministers to find an appropriate way out of it for them, as well as for the families living with the Loan Charge hanging over them and all the stress and anguish that inevitably causes. There have tragically been seven confirmed suicides of people facing the Loan Charge and there is a serious risk of further suicides if the Loan Charge is enforced. This was raised at the last Treasury Questions, including the case of an ex-armed forces veteran who has reported feeling suicidal. This was [reported in the media](#).

The role of the Financial Secretary to the Treasury is a very important one - the fifth most significant ministerial role within the Treasury after the First Lord of the Treasury (the Prime Minister), the

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Chancellor of the Exchequer, the Chief Secretary to the Treasury and the Paymaster General. In this position, you are responsible for HM Revenue and Customs. This role surely should mean proper scrutiny of their activities. I am sure you will agree the need for robust oversight of HMRC — and the pressing need to get away from the perception that in the past, especially on the Loan Charge issue, that HMRCs word has been taken as gospel and unchallenged. It is time that HMRC were held to account over the Loan Charge and we hope that you as Financial Secretary to the Treasury will take this seriously, as opposed to parroting their 'view' to MPs and both covering up and defending their failings. That will not resolve this mess, nor prevent the otherwise devastating consequences of doing nothing.

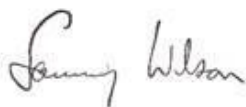
As Financial Secretary to the Treasury, you also have overall responsibility for the Finance Bill each year, so you have the opportunity to push through changes to amend the legislative outrage that the retrospective Loan Charge represents. You have the opportunity to push through a fair resolution to this mess (referred to as the 'Loan Charge debacle' by the First Secretary and Chief Executive of HMRC himself) and in doing so prevent the inevitable bankruptcies, the loss of family homes and the likely suicides that will happen if nothing is changed. We implore you to show compassion and to begin these discussions with senior Ministers in advance of the next Finance Bill.

Despite the misleading rhetoric from both HMRC and your predecessors, who have repeated the same well-prepared 'lines' when questioned, the reality is that the Loan Charge imposes a retrospective tax charge on people - when without the Loan Charge, HMRC would not be able to demand any tax on many of those facing it. It is also a fact that the Loan Charge imposes a tax 'debt' that **has never been legally proven to be due**, something that we believe should trouble you as a lawyer, a barrister and a Queen's Counsel. HMRC have publicly admitted that the Loan Charge was introduced to avoid the need to litigate. That means taking away the basic right of a citizen to challenge the view of the tax authority in court, which is chilling and undermines the rule of law of the United Kingdom.

We implore you to instruct your civil servants to pause before issuing any correspondence in your name. We are aware that any letters on the Loan Charge sent out now would merely repeat the same tired and discredited propaganda lines, covering up the reality of the Loan Charge and HMRC's own conduct in relation to this punitive policy. It is far better that you wait, until you have had the chance to look at the huge volume of evidence that has come to light and which clearly exposes the reality of the way Parliament has been misled over the Loan Charge from its very inception.

We look forward to hearing from you and we hope that you will look at the whole issue again and independently of HMRC and most of all, that you will realise that the Government and HMRC must indeed change course, to avoid devastating consequences for many UK people and their families.

Yours sincerely,



Sammy Wilson MP
Co-Chair



Greg Smith MP
Co-Chair



Mohammad Yasin MP
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