



All-Party Parliamentary Loan Charge & Taxpayer Fairness Group

www.loanchargeappg.co.uk

Rt. Hon. Nadhim Zahawi MP
Chancellor of the Exchequer
11 Downing Street
London
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29th July 2022

Dear Nadhim,

URGENT - Ninth DR suicide confirmed by the Treasury and the need to avoid further tragedies

We are writing to you in light of the awful news that a ninth person has taken their own life, facing action from HMRC with regards to disguised remuneration schemes, some of which are now subject to the retrospective Loan Charge. This has just been confirmed in a letter from the Financial Secretary to the Treasury.

This is tragic news and utterly devastating for the family concerned. However, it was alas entirely predictable and was also avoidable. We have warned successive Chancellors and Treasury Ministers of the serious suicide risk from the Loan Charge and the overall current approach of the Government and HMRC to people who were mis-sold these schemes by professional advisers, including chartered accountants and tax advisers. We have recently undertaken a call for evidence and are deeply concerned at how many respondents – 15% of all who responded – who have reported suicidal thoughts or intent.

We wrote to the Financial Secretary to the Treasury on 26th April and included the following paragraph:

You will be aware that, partly due to the lack of reliable and credible information, the APPG have recently conducted a call for evidence from people facing the Loan Charge and people who have settled to avoid it. We are in the process of compiling this evidence and will share this with you, but already we can tell you that the situation people are in due to the Loan Charge is awful, with a deeply worrying number of people having expressed or expressing suicidal thoughts.

The following is from the APPG's Loan Charge Inquiry report published in March 2019:

Suicide risk associated with the Loan Charge

Co-Chairs: Sammy Wilson MP, Greg Smith MP
Vice-Chairs: Baroness Kramer, Dr Lisa Cameron MP, Gerald Jones MP, Sarah Olney MP, Rushanara Ali MP

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There is an identified suicide risk of individuals facing the Loan Charge. This was first reported to HMRC in June 2018 and raised in Parliament in July 2018. HMRC and the Treasury were initially warned about the risk of suicides as a result of the Loan Charge by the Loan Charge Action Group. The Evening Standard reported this on 13th June 2018.

It is notable that the Evening Standard report from four years ago calls this, the clear suicide risk, a “preventable timebomb”.

We have made several other references to the known suicide risk but so far all of those concerns have fallen on deaf ears. None of the recommendations made in the Treasury-commissioned Morse Review have changed the situation for tens of thousands of those affected, so to refer to that in this context is meaningless.

The impact assessment done by the Treasury in 2017 has already been shown to be deeply flawed. It stated that the package of measures including the Loan Charge “*is not expected to have a material impact on family formation, stability or breakdown.*” The fact that there have now been nine suicides of people facing HMRC action shows that this impact assessment was not only flawed but negligent. We also now know that HMRC have known all along that some people, particularly those on lower incomes, simply cannot pay and that bankruptcies would be inevitable. There needs to be an investigation therefore into how Parliament was misled by an impact assessment that ignored the likely consequences of this very controversial policy and overall approach.

The letter from Lucy Frazer states:

HMRC has referred nine cases to the IOPC where a taxpayer has sadly taken their life and had used a DR scheme. Eight investigations have concluded there was no evidence of misconduct by any HMRC officer; one investigation is ongoing. The Government takes this matter seriously, which is why HMRC is taking forward organisational learning from the eight concluded investigations to continue to learn and make improvements to the support that HMRC provides to taxpayers who need extra help and empathetically manage these sensitive cases.

However, this misses the point and deliberately so (as well as ignoring the fact, as revealed by FOI responses, that in at least some of these cases, HMRC actually themselves were asked by the IOPC to investigate rather than the IOPC investigating themselves). The Independent Office of Police Conduct’s remit is to look at whether any misconduct on the part of (in this case) HMRC officers was a factor in the suicide. ***They do not look at whether or not a Government policy has been a factor in a suicide.*** From the evidence we have been sent, including one of the suicide notes of one of the nine people, the Loan Charge was clearly a factor, indeed according to that family, was the reason their loved one took his own life. This is from the Loan Charge Inquiry we published (page 65) in April 2019.

The Loan Charge itself was specifically mentioned in the suicide note:

This is testimony from the family “The letter spoke of the love he had for his family but what he mostly referred to was himself. He wrote about being at the end of his tether with the Loan Charge matter...It was clearly written by a man who had been broken by the Loan Charge process. I believe that the entire Loan Charge situation, the build up to date, the false hopes of an end, for an answer, just consumed him.”

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The family were in no doubt – as with two other families of suicides victims that have been in contact with the APPG – **that the threat of the Loan Charge was the main reason their loved one took their own life.** There can be no doubt that the Loan Charge, as a policy, has led to suicides and that more suicides are a real possibility.

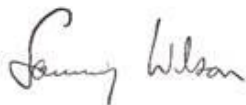
We therefore urge you, as the Chancellor of the Exchequer, to show some leadership on this issue, as well as some much-needed compassion and common-sense. The Morse Review, which so far both the Treasury and HMRC have hidden behind, was deeply flawed and also wasn't genuinely independent. There is a pressing need, in light of this latest tragedy, for a review that is fully independent of the Treasury and HMRC, including looking at how the policy was conceived and why the HMRC impact assessment ignored the predicted issues. There also needs to be an acceptance on the part of the Treasury that there must be a resolution, a genuinely affordable settlement opportunity, such as the one proposed by the group of tax professionals earlier this year. Such a resolution is clearly not only in the interest of those impacted and their families, but also the Treasury and HMRC, who know that this mess of their making will only get worse as HMRC enforce this cruel and reckless policy.

We urge you to engage, directly and not to pass on our letter to the current Financial Secretary to the Treasury who we are sorry to say has done nothing to address these concerns and has not even responded to the group of tax professionals who proposed a resolution to end this whole Scandal. The Loan Charge is not only a disastrous policy, that has now led to several people taking their own lives, it is also a failed policy on every level. It was supposed to stamp out the promotion, mis-selling and use of 'disguised remuneration' schemes, yet the reality is that the usage of such schemes has actually increased. It is also a wholly unrealistic as well as punitive policy that will not bring in anything like the sums HMRC have predicted. As HMRC know, people simply cannot pay what is being demanded of them, so it is actually futile to pursue people for such punitive, unaffordable sums.

We hope that at last you will agree that this whole scandal must be addressed so that further tragedies are avoided.

We look forward to hearing from you.

Yours sincerely,



Sammy Wilson MP
Co-Chair



Greg Smith MP
Co-Chair



Baroness Kramer
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