



Loan Charge Update - Personal Statement
Individual facing the Loan Charge - Form 2(a)

Loan scheme(s) used / operator(s)

K2, Hyrax, Hamilton, Pinotage EBT's - all via Peak

Approximate liability in £ (nearest £5K)

£500,000

Amount in £ of any money paid to HMRC so far e.g. APNs, Penalties (nearest £5K)

£40,000

If your loan has been subject to recall demands :

Who is demanding repayment ?

FSC

How many months/years using loan arrangements

And for how much in £

4

Report of any action to date by and latest communication from HMRC

Attempted to settle (3 yrs of negotiations!) pre September 2020, but HMRC refused to take into consideration APNs of significant value that had already been paid by the company. On September 30th 2020, HMRC finally conceded and agreed to accept that the APN's already paid could be 'offset' and values remove from the scope of the LC, but it was too late. Deadline missed. Appeal to settle on 2019 terms refused. TTP set up. Heard nothing since. Case it still open.

The personal impact (financially and in other ways) so far

In 2012, I was advised by my ICAEW/CIOT registered chartered accountants, Tax Advisers and Company Auditors to invest in legal (at that time) QC approved tax planning schemes. Between 2012-16, part of my salary was paid through PAYE, and part through loans via a trust (EBT). These amounts were recorded annually on my SATR's with the relevant DOTAS scheme numbers assigned - and were never challenged by HMRC during this time. In 2016, when HMRC announced that (from 2017) these tax planning schemes would no longer be considered legal, I immediately withdrew from them. My company (as my employer) received several APN's, which in HMRC's view, covered the PAYE, (Tax & NI) for those who had participated in these schemes, including myself as Chairman. Despite representations from our tax advisors and the loan trustees, as a Ltd company we had no option but to pay the APN's or be forced into voluntary liquidation. Given that I employ 350 people, this was not an option. We agreed a TTP with HMRC, and repaid the full amount, firmly believing that this was the total liability for all PAYE, NI, personal tax etc. In 2018, I learnt that the APN's I had paid did NOT include the 'personal tax' - which HMRC believed I still owed, and I received an additional significant demand. Of the amount HMRC claim I owe, over 50 % of this is interest, penalties and IHT ! This equates to an equivalent tax rate of over 120% on the total income I received during the years I was using the approved schemes. Despite employing 2 independent tax advisory firms to act on my behalf, HMRC have yet to agree the amounts they believe are owed- and I was unable to settle by the 2020 deadline. My case remains open

The personal impact (financially and in other ways) if HMRC enforce the Loan Charge as laid down in the legislation



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I am still waiting to conclude my affairs, but have meanwhile paid a 'lump sum' on account and a monthly TPP for the max I can afford to pay.

I am 71 years old, now retired, but still in fear of what comes next.

This whole debacle has had a catastrophic effect on my life and family, my physical and mental health. The uncertainty of 'not knowing' if - our when - this will ever be concluded hangs over me like the sword of Damocles.

I have agreed a TTP, even tho this is hurting me financially since I retired and on a very reduced income.

Each year since 2016 - after submitting my SATR's - HMRC have 'opened an enquiry' into the tax year, but never actually followed through with the enquiry. But this does mean that I have ALL open years, going back to 2016. Every day is traumatic, awaiting yet another 'brown envelope' from HMRC

The only way I could possibly repay the amount that HMRC claim I own would be to sell my home, which I have no intention of doing.

I have written to my MP numerous times, and only ever receive back standard templated letters written my HMRC or HMT, the contents of which can be argued and disputed. Its a very frustrating and debilitating process.