



Loan Charge Update - Personal Statement
Individual who has settled - Form 2(b)

Loan scheme(s) used / operator(s)

Penfolds, Hamilton, Grange

Approximate liability (nearest £5K)

£295,000

Settlement total figure

£80,000

If your loan has been subject to recall demands :

Who is demanding repayment ?

Further demands from HMRC

And for how much in £

How many months/years using loan arrangements

6 years

Other Money paid (APNs, Penalties)

Table with 3 columns: Date of Settlement, Settlement period (years/months), % of net income per month

The impact of settlement on you financially

I took loans out from 2008/9 to 2013/4 because I was married and put into a tight financial situation due to my wife's actions which I do not wish to elaborate upon in this forum. We later divorced abroad in 2009 with one child born in 2006. My wife was and is a foreign national of that country in which we married & divorced. Please note that all my 2008/9 to 2013/4 tax returns named the relevant schemes I used, and all were accepted by HMRC without question. In 2010, my former wife & I had a first London family court order for Global Maintenance where I would pay £1850 per month to her. This extremely high amount was argued-for by my former wife's barrister who claimed that I could afford this as I could & would continue using tax beneficial loan schemes. The judge did not reject this argument. Therefore I was explicitly induced into continuing to use these loan schemes via the English Family High Court system. During the 2010 financial settlement preparations for the court order, I raised with my solicitor & barrister the likely risk of a future HMRC retrospective loan tax liability & asked for it to be included in my liabilities as part of the financial disclosure. This liability was rejected in the court order financial settlement as it was seen as a future matter & the law was not in place at the time. In 2016, my former wife & I had a London Family High Court case to create a final financial settlement. During the financial settlement preparations for the court order, I raised with my solicitor & barrister (i.e. the 2nd time) the likely risk of the HMRC Loan Charge tax liability & asked for it to be included in my liabilities as part of the financial disclosure. This liability was rejected in the court order financial settlement as it was seen as a future matter & the law was not in place at the time. In addition, and despite my protests, no conditions were made in the 2016 court order in case the HMRC Loan Charge materialised in future. In 2019, the HMRC Loan Charge act became law. I could not immediately settle the amounts demanded by HMRC because my 2016 financial settlement court order required me to liquidate the maximum amount of assets available, including equity in my home. Hence in 2020 I asked HMRC for a settlement extension. HMRC agreed to settle by 30 June 2022, which I notified them would only be possible by me using my 25% tax free lump sum allowance from my SIPP pension when I turned 55 years old (in Q1 2022).



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The HMRC Loan charge tax liability has not been shared with my wife as part of our 2016 financial court order. Instead, I am facing 100% of the tax liability (circa £80,000), despite my former wife financially benefiting from all the 2008-2014 loans via the extremely high Global Maintenance set in the 2010 court order. In circa 2020, I raised this matter with the Child Maintenance Service & my MP, requesting that the CMS consider these loans as from the marriage & offset them against my remaining future child maintenance costs (due till 2025 at currently circa £700/month). The CMS rejected my case, despite me offering to provide evidence to them that that my former wife's barrister in the 2010 London court order settlement proposed to the judge that I could & should continue to use tax beneficial schemes in order to pay the Global Maintenance amounts this barrister was demanding for his client (my former wife) i.e. £1850/month.

In summary

i, the English divorce courts have clearly induced me to continue using tax beneficial loan schemes, but the resultant tax liability is not recognised legally by the CSM. This is unfair & an injustice

i, Also when I settle the HMRC amounts demanded, my pension will be significantly diminished and in effect become a ticking time bomb for me in later life. I have no plan in place to address this issue except to perhaps sell-up in the UK, and move abroad to a cheaper country; or remain in the UK and work into my mid / late 70s. I work in IT & am not aware of anyone working in this industry in their 70s as it is broadly known as a young person's industry

i,

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