



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

Loan scheme(s) used / operator(s)

Clavis

Approximate liability (nearest £5K)

£105,000

Settlement total figure

£90,000

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

2

Other Money paid (APNs, Penalties)

Table with 3 columns: Date of Settlement, Settlement period (years/months), % of net income per month. Row 1: 01-Nov-20, 6 Years, 30

The impact of settlement on you financially

The ICAEW accountant who sold and recommended the scheme to me (after I enquired about IR35 indemnity insurance!!) couldn't/wouldn't handle the settlement process so I paid a third party tax specialist approx. £2500.00 in fees to negotiate settlement terms (with my limited company). I sold 2 rental properties (effectively my pension) after being led to believe HMRC would force the sales. I also sold my main property to move house and refinance in order to pay £10,000.00 down-payment to HMRC. Suffice to say, I probably wouldn't have sold if it were not for the threat of the loan charge, certainly not the rental properties. My limited company began paying the £1100/month per the settlement repayment contract but then the lockdowns took their toll and my income fell dramatically. During 2020-2021, I was uneligible for furlough or any Covid support. Then in April 2021 the IR35 changes were allowed to take effect (a ridiculous decision whilst we were still under pandemic restrictions), my large customers instantly declared me inside IR35 (blanket determination for their convenience) and my company is now flirting with bankruptcy as much of my earnings have been forced into an umbrella scheme instead. I've only been able to

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

(continued from above) realistically start rebuilding the business since Covid restrictions lifted fully in 2022. I'm about £5000.00 in arrears on my loan charge settlement and have had HMRC agents knock on my door. I have a self assessment which HMRC passed to a debt agency (£3500, agreed a TTP £140/month). I'm behind in my VAT approx. £1500.00. I cannot pay my 20-21 corporation tax (£10k) as I used that money to pay the monthly LC settlement after the IR35 changes. I still have outstanding monies due to the trust for management fees and I cannot afford to close the trusts, so further charges and taxes are accruing. I maxed out my personal lending also during this whole saga as I juggled the burden and transitioned from Ltd to umbrella. I am now working 6-7 days a week to work via umbrella and also revive my business, which I'm making progress with but its a race against time & in fear of HMRC pulling the plug so to speak. My next review with HMRC agent is in mid-May. On a personal level, my marriage is certainly feeling the strain as my wife works 2 jobs as we work together to hopefully muddle through and we are arguing about money more. I won't bring my children into it really other than to say that despite my problems it is they that keep me going.