



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

Loan scheme(s) used / operator(s)

Smartpay ltd

Approximate liability in £ (nearest £5K)

£30,000

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

If your loan has been subject to recall demands :

Who is demanding repayment ?

How many months/years using loan arrangements

And for how much in £

5 months

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

Received letter from HMRC in January 2021 asking for all information on "disguised remuneration scheme" and loans falling under the loan charge as part of checking of tax return for tax year ending 2019.

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

There has been a lot of stress. I unfortunately entered into these loans in 2017 when working as a locum doctor. I obtained my work contracts working in the NHS through a locum agency, but they could not provide their own PAYE service to process my pay for cost-saving reasons. I had to find my own way of ensuring payment. Smartpay Ltd was recommended after IR35 came into force. The loan charge has led me to many sleepless nights. What is even more worrying is that even though I entered details of the loans in the white pages of my tax return for the year 2017-2018 as I was advised after ringing HMRC to enquire if Smartpay had a DOTAS number or was a tax avoidance scheme and was told that it wasn't, now with the loan charge any penalty will be arbitrarily moved to a later tax year where my salary is higher and my tax penalty will ultimately be higher. My wife has had multiple arguments with me, blaming me for my stupidity, my children have noted that I am no longer my old happy self, and frankly, it has taken the joyful essence out of my life. I have even at times of despair, considered ending the shame and anguish once and for all.

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

If HMRC enforce the loan charge, I will not be able to pay the loan charge and also the tax due (there are open years), for I also have a settlement in place for the time I was self-employed in 2016-2017 with a personal service company, via AML Healthcare, based in the Isle of Man, which I thought was in London as it was registered in London. I did not enter a settlement for the time I was employed via Smart pay limited as in their email correspondence they had told me that the loans did not fall under the loan charge. In a further call, I understood that they could ask me to pay the loans back after 5 years and if I could not pay back, they would ask me to pay a surcharge. Being unable to pay the loan charge means that I would no longer be able to afford my mortgage and would have to sell my house to try recoup some of the equity. It would mean a lot of stress with a high risk of making mistakes in my job as a surgeon as the constant financial worries, how to put food on the table, increasing prices, increasing taxes on annual theoretical pension growth are just adding unsurmountable pressure. It would not do anything to help my physical and mental well-being and that of my family and would make my future and that of my family look bleak. There is a high risk that it could end my relationship.