



HM Treasury, 1 Horse Guards Road, London, SW1A 2HQ

All-Party Parliamentary Loan Charge and Taxpayer Fairness Group
Office of Sammy Wilson MP
House of Commons
London
SW1A 0AA

20 February 2023

Dear Sammy, Greg, Susan and members of the All-Party Parliamentary Group,

Thank you for your letter of 9 January in relation to the application of agency rules and the Loan Charge. As you know, the Loan Charge was introduced to draw a line under the historic use of disguised remuneration (DR) schemes which paid income in the form of loans via third parties, often offshore trusts. These schemes used complex and contrived arrangements which attempted to circumvent rules which ensure that employment income is taxed and, where appropriate, deducted through Pay As You Earn.

The Loan Charge was independently reviewed by Lord Morse in 2019. Following the review, the Government recognised the impact of the Loan Charge and accepted 19 of the 20 recommendations made by Lord Morse. These changes, such as removing loans made before 9 December 2010 from the scope of the Loan Charge, reduced the impact of the policy, removed aspects which were of wider concern and reduced the Exchequer yield by an estimated £620 million.

In his recommendations, Lord Morse said that HM Revenue and Customs should continue to settle and investigate cases where the Loan Charge no longer applies prior to 9 December 2010 under their normal powers. I can confirm that the Government and HMRC continue to act exactly in line with that recommendation. However, I have asked HMRC to respond in more detail to your specific questions.

I would encourage anyone affected by the Loan Charge to work with HMRC to settle their affairs.

Yours sincerely,

A handwritten signature in blue ink that reads "Victoria Atkins".

VICTORIA ATKINS MP