

APPG Loan Charge & Taxpayer Fairness Group  
Office of Sammy Wilson MP,  
House of Commons,  
London,  
SW1A 0AA

26th January 2022

Dear Mr Wilson MP, Mr Smith MP and Mr Yasin MP

Many thanks for your letter of 25th January and for your kind words about my new role as CEO of FCSA.

I note that you have chosen to publicly publish your letter in advance of my reply and indeed before any interaction with me as the new CEO of FCSA. I find that slightly disappointing and I do hope we won't set off on the wrong foot.

It is my intention that FCSA continues to promote full compliance and ethical behaviour in service providers to the contingent workforce. FCSA continually reviews and amends our Codes to ensure this compliance and this, in turn, ensures that individual contractors are afforded all the rights given to them under the relevant employment and tax regulations.

I also thank you for your welcoming of the changes and clarifications made to FCSA's Charter regarding offshore arrangements. I note and understand your concerns with some of the text in my predecessor's letter of 8<sup>th</sup> November last year. I thank you for the clarification of your position and acknowledge your point.

Like you, I am unaware if any current FCSA member had previous involvement in unacceptable offshore tax arrangements and can assure you that FCSA would take an extremely dim view should an FCSA member offer such arrangements. We will not be afraid to call out wrongdoing where we see it.

Addressing your concerns regarding HMRC engaging contractors via DR schemes, this is an area which has seen much debate with HMRC denying such engagements and LCAG stating they have evidence to that effect. FCSA has no direct knowledge of the matter, and we have not stated that HMRC mandate the use of FCSA members via Revenue and Customs Digital Technology Services Limited (RCDTs) or by other means. It may be that any RPOs and agencies on RCDTS' PSLs do insist that providers are FCSA members, but this is a commercial matter for them.

Regarding the recent system outages affecting FCSA members and impacting hugely on the contractors working with them, FCSA's view is that when a cyber-attack occurs, there should be rapid and open communication to affected workers, and that workers should be updated regularly. It is vital that steps should be taken to process payments, even if on an interim basis, as soon as is possible. It is our view that the integrity of services to, and the personal data of, workers should be of paramount concern. FCSA are currently investigating what we can do to ensure members take steps to harden their system security and minimise disruption if an outage occurs for whatever reason, but as you will appreciate IT security and defence evolve rapidly in response to the evolving sophistication of attacks.

Whilst I'm not sure that regulation will prevent such attacks, FCSA remains of the view that properly framed regulation in this sector may be beneficial overall. We will shortly be submitting our response to HMT's call for evidence on this subject, and I will ensure that a copy of this is sent to you post submission.

I believe that FCSA's mission, to promote compliance, integrity and ethical behaviour in service providers is key to the benefit and fair treatment of contractors. We also believe that the small number of bad actors in this sector cause disproportionate harm to tax-payers and the overall tax gap and that various government departments, including HMRC, could and should do more to bring these bad actors to account rather pursue individuals who have been misled, misinformed or duped into using unlawful schemes. In this respect I believe we are closely aligned with the work of your APPG and I feel there is an opportunity for us to build a useful working relationship.

On a personal note, you may be aware that for a number of years I was a contractor myself and later served as the CEO of a contractor organisation for a number of years. As such I gave evidence to the Morse enquiry, particularly around my views in the processes and retrospective nature of the Loan Charge and especially the inherent unfairness thereof and my continuing frustrations that it is individual contractors who are being targeted by HMRC rather than the scheme operators.

I do hope that I have addressed all your areas of concern and, as I have indicated, I would welcome the opportunity for FCSA to work more closely with the APPG.

Yours Sincerely



Chris Bryce  
CEO, FCSA