



HM Revenue
& Customs

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Dear Mr Wilson, Mr Smith and Mr Yasin,

I refer to your letter of 21 February asking for information about the Loan Charge.

HMRC regularly publishes data as part of our commitment to transparency and to inform external and parliamentary scrutiny. [Yesterday we published a revised issue briefing on settling disguised remuneration scheme use and/or paying the Loan Charge.](#)

Some figures that you have asked for are not generated in the normal course of business, have no wider application, or are dependent upon actions beyond our control and knowledge so we have been unable to provide these.

1. As of 1st February 2022, according to HMRC's own figure, how many people face the Loan Charge?

In the issue briefing mentioned above, HMRC has updated its estimate of the number of individuals expected to be affected by the Loan Charge prior to the changes made following the Independent Loan Charge Review to approximately 61,000. This revised estimate is based on actual cases identified.

The original estimate of approximately 50,000 individuals was produced in 2016. This estimate was based on known cases at that time, adjusted for factors such as individuals who were expected to use DR arrangements between the announcement of the Loan Charge in 2016 and the date it came into effect in 2019.

Following the independent review, HMRC published an estimate that 11,000 individuals and 1,000 employers were expected to be removed from the scope of the Loan Charge. Our new analysis means that the changes following the independent review are now estimated to remove around 9,500 individuals and 2,500 employers from the scope of the Loan Charge.

2. As of 1st February 2022, what is the mean average Loan Charge figure for all of these people who face the Loan Charge?

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This is not a figure that we hold. We do however have the figure for the mean settlement of all those who have settled their disguised remuneration liability (whether subject to the Loan Charge or not), which, as of April 2020, was around £18,000.

3. As of 1st February 2022, how many people have paid the Loan Charge itself (separate to any other settlements that may have been reached with HMRC to avoid the Loan Charge)?

We do not hold the information requested as we are not able to provide accurate summary data of payments made against reported Loan Charge liabilities.

4. How much money is the Loan Charge alone, separate from the wider package of measures, predicted to raise?

The Loan Charge was announced at Budget 2016 as part of a package of measures to tackle Disguised Remuneration (DR) tax avoidance. More information on how this breaks down was provided to Lord Morse during the Independent Loan Charge Review and is included in the summary of evidence, available on GOV.UK.

The forecast was last revised at Spring Statement 2022, with the latest estimated overall Exchequer yield of £3.4 billion for the package.

5. How many bankruptcies have there been of people who faced the Loan Charge?

As at the end of February 2022, HMRC has not made any individual bankrupt in order to collect tax due under the Loan Charge.

6. HMRC have acknowledged that there are some taxpayers who will become insolvent as a direct result of the Loan Charge but so far HMRC and the Treasury have refused to say how many people they predict will. HMRC must therefore have an estimate of how many taxpayers they believe will become insolvent as a result of the Loan Charge, so please give us this estimate?

We do not have an estimate of the number of individuals subject to the Loan Charge who will become bankrupt. HMRC only petitions for bankruptcy as a last resort in a small minority of cases where all other avenues have been exhausted.

7. With regards to settlements that people have entered into, to avoid the Loan Charge, how many people had settled with HMRC prior to 1st February 2022?

Since Budget 2016, and by the end of March 2021, we had agreed around 19,700 settlements related to use of disguised remuneration, with employers and individuals bringing into charge around £3.3 billion. These figures include DR settlements for customers within the scope and outside the scope of the Loan Charge. This is the latest figure that we have collated and you can find this information at page 150 of HMRC's Annual Report and Accounts 2020 to 2021 available on GOV.UK.

The most recent available data shows that around 70% of the settlements are with individuals, accounting for about 20% of the amount brought into charge.

8. How many people paid the settlement amount in full?

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We do not centrally record the length and amounts of instalment arrangements for settlements relating to DR avoidance schemes.

For the Independent Loan Charge Review, HMRC analysed a sample of around 1,600 settlements by individuals under the November 2017 settlement terms. Approximately 60% did not require extended payment terms and paid the tax in one payment. The remainder agreed instalment arrangements with HMRC. More information is contained in the Independent Loan Charge Review summary of evidence, available on GOV.UK.

9. How many people are paying the settlement amount in instalments?

The same analysis showed that approximately 40% required extended payment arrangements.

10. In terms of the timespan that these instalments cover (a) what is the shortest time and (b) what is the longest time and (c) what is the mean average time period.

Of those individuals, around 60% required more than two years. There is a full breakdown in the summary of evidence on GOV.UK.

11. How much of the disputed tax that is being demanded by HMRC, through the Loan Charge (and settlements to avoid the Loan Charge), has been paid by those who promoted, recommended and operated the schemes now subject to the Loan Charge?

We do not hold information to enable us to segregate those employers and individuals that promoted, recommended and operated arrangements from those that didn't.

12. We know that there have been no prosecutions of any individual or company for promoting, recommending and operating schemes now subject to the Loan Charge. Has any other action i.e. civil or criminal been taken by HMRC against any individual or company for promoting, recommending or operating the schemes subject to the Loan Charge?

An update on our activity and progress in tackling promoters of tax avoidance schemes was published in the November 2021 report on the Use of Marketed Tax Avoidance Schemes. This includes a variety of interventions using our criminal justice and civil powers. A number of individuals are currently under criminal investigation by HMRC for offences linked to schemes subject to the Loan Charge. In addition, since 1 April 2016, more than 20 individuals have been convicted of offences relating to arrangements which have been promoted and marketed as tax avoidance, including disguised remuneration. These have resulted in over 100 years of custodial sentences. The majority of these convictions relate to promoters.

Kind regards,



Jim Harra
CHIEF EXECUTIVE AND FIRST PERMANENT SECRETARY

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