



All-Party Parliamentary Loan Charge & Taxpayer Fairness Group

www.loanchargeappg.co.uk

Meeting of the Loan Charge & Taxpayer Fairness Group

Tuesday 21st November 2023, 4:00pm

Room O, Portcullis House, Westminster, London. SW1A 2JR

Minutes

Those present:

Parliamentarians

Greg Smith MP (Chair), Gerald Jones MP, Justin Madders MP, Rt Hon Sir Desmond Swayne MP, Heather Wheeler MP, Rt Hon Sammy Wilson MP

MP's Staff

George Bundock (Office of Greg Smith MP), Alice Stuttaford (Office of Iain Duncan Smith MP), Will Elliot (Office of Daisy Cooper MP)

Witnesses

Paul Bello, Wolf Dette, Mike Kerridge (KCMJ LLP), Rowan Morrow-McDade (Alexander & Co), Gareth Parris, Kirti Shukla

Other Attendees

Richard Clancey (APPG Secretariat), Greg Mulholland (APPG Secretariat), Andy Earnshaw (Loan Charge Action Group)

Apologies received from

Ruth Cadbury MP, Allan Dorans MP, Marion Fellows MP, Rt Hon Sir Roger Gale, Baroness Kramer, Tommy Sheppard MP, Rt Hon Theresa Villiers MP

1. Introduction

Greg Smith MP opened the meeting and explained that its purpose was to hear about the current situation for people facing the Loan Charge.

HMRC recently confirmed that some 40,000 people still face the Loan Charge, four and a half years since it came in in April 2019 (and when it became law in 2016/17). This in itself shows what a disastrous policy failure the Loan Charge has been.

Co-Chairs: Sammy Wilson MP, Greg Smith MP, Baroness Kramer

Vice-Chairs: Gerald Jones MP, Sarah Olney MP, Marsha De Cordova MP, Dave Doogan MP, Adam Holloway MP

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2. APPG Activity since the last meeting (Secretariat update)

- Oct-23 Back Bench Committee application for a debate on the Loan Charge - This was an action from the previous meeting in April 2023
- Oct-23 Autumn Statement submission to the Treasury
- Aug-23 Umbrella Consultation submission to the Treasury

3. APPG Correspondence (Secretariat update)

Correspondence sent (replies noted)

- **12-Sep Letter to HMRC about suicides referred by HMRC to the Independent Office of Police Conduct (IOPC) and the fact the IOPC doesn't investigate, but passes the cases back to HMRC**
 - *Reply received 16-Oct from Jim Harra at HMRC, including the fact that as well as the 10 known suicides, that there have been 24 referrals of cases of serious self-harm, 13 of which were attempted suicides.*
- **17-May Letter to the then Financial Secretary to the Treasury, Victoria Atkins, requesting an open meeting with APPG members (as agreed at the AGM) – This was an action from the previous meeting in April 2023**
 - *Reply received 9-Jun from Victoria Atkins refusing to attend an open APPG meeting or discuss a resolution, offering instead only a private meeting with Chairs to discuss HMRC support.*
 - *Further letter sent 18-Jul making clear that the request was for an open meeting, proposing one with up to 20 APPG members. No reply received from Victoria Atkins – confirming she was not prepared to meet APPG members as proposed at the AGM.*
- **11-May Letter to the Chancellor about the wave of Discovery Assessments causing huge distress and anxiety, that HMRC have had 4 years to issue yet failed to do so and are now also adding interest to.**
 - *Disappointingly, the Chancellor didn't reply, instead a reply was received 30-May from Mary Aiston of HMRC.*

Correspondence received

- The APPG continues to receive regular emails from individuals facing the Loan Charge, outlining the unfair way they are being treated by HMRC including errors and lack of communication.
- The APPG recently received an email from someone who contracted at HMRC through the Government approved framework and using an umbrella company on HMRC's approved supplier list later to received demands from HMRC, because the umbrella company had been operating a DR scheme. HMRC has refused to assist them and refused to take any responsibility.

4. Other relevant developments

- Three members of Treasury Select Committee raised the Loan Charge at their oral evidence session with HMRC on 18-Oct-23.
- Nigel Huddleston has been appointed Financial Secretary to the Treasury, replacing Victoria Atkins who has become Health Secretary. There is also another new appointment to the Treasury, Laura Trott as Chief Secretary to the Treasury. The APPG will write to the new FST about the issue and seek to engage with him.

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5. Main business/guest speakers – Loan Charge Update

The Chair introduced each of the guests. Although each gave their own heartbreaking testimony, a summary of the common points and themes is shown below:

Common themes from individuals

- Used an IR35 compliant and QC endorsed scheme based on professional advice.
- Schemes used had similar personal returns to those of operating through a limited company.
- Complete transparency with HMRC about scheme usage who made no contact until several years of scheme usage.
- HMRC's calculations repeatedly incorrect and unsubstantiated. Clear they don't have the expertise.
- HMRC routinely ignore settlement communications and engage only when the issue is escalated.
- HMRC delays result in additional interest being added to settlement.
- HMRC's settlement amounts consistently unreasonable and unaffordable. HMRC settlement "offers" commonly several multiple of income. Not uncommon to receive a demand for several hundred thousand pounds that is payable within 30 days.
- Mental breakdowns and devastating impact to family life – The former acknowledged by HMRC but ignored.
- HMRC ignorance of the "normal" individuals that are being unfairly targeted.
- Removed from settlement process by HMRC for contrived reasons and then made subject to the Loan Charge. Examples of this include failure to respond to a specific letter whilst settlement negotiations are in progress AND being told that settlement amounts are unaffordable.
- Different areas of HMRC providing contradictory information
- HMRC renege on promises made to MPs about constituent settlement agreements.
- MP's do not understand the complexity of the Loan Charge and many have responded to affected constituents with HMRC templated letters which provide no objective adjudication.

Common themes from advisers

- HMRC tardiness
- HMRC ignoring full disclosure contains in SATR 2018-19 or even suggesting it was not part of the return
- HMRC passing cases to Debt Management while ignoring correspondence.
- HMRC Debt Management overbearing tactics: ringing over weekend, ringing out of hours especially early morning. Not announcing themselves properly when conducting a house visit.
- HMRC Debt Management failure to understand COMP1 authority (Authorisation to allow HMRC to deal with Tax Adviser). No reason given when requested and/or challenged.
- HMRC ignoring guidelines in following taxpayer instructions regarding allocation of payments.
- HMRC refusing to refund credits on a taxpayer's account that are not related to loan charge matters or open enquiries.
- DR schemes still actively being marketed – As a policy the Loan Charge as designed by HMRC and forced into legislation without proper scrutiny by HMT has been an abject failure.
- The people who are impacted are not millionaires but "normal" people with "normal" professions – Ex-Military, Police Force staff etc.

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- The Loan Charge has destroyed lives, relationships, marriages, careers, family homes and the excellent reputation HMRC once had as a pioneer in regard to tax and administration.

6. AOB

The Chair & the Rt Hon Sammy Wilson MP thanked both the Secretariat and the Loan Charge Action Group for their support of the APPG.

7. Date of next meeting

TBA

Meeting Closed at 5:32pm

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