



All-Party Parliamentary Loan Charge & Taxpayer Fairness Group

www.loanchargeappg.co.uk

Nigel Huddleston
Financial Secretary to the Treasury
HM Treasury
1 Horse Guards Road
London
SW1A 2HQ

13th December 2023

Dear Nigel,

Request to meet with you to discuss the Loan Charge Scandal and a resolution

Firstly, we offer our warm congratulations on your appointment as Financial Secretary to the Treasury and wish you luck in this important role.

We are writing on behalf of the 255 members of the Loan Charge and Taxpayer Fairness Group from both Houses of Parliament to urge you to look properly at the Loan Charge and to understand that a change of approach is needed to avoid the inevitable devastating consequences if the Government refuses to engage and orders that HMRC take a different and fairer approach. You are undoubtedly aware that the Loan Charge remains a deeply controversial policy and that there are many Parliamentarians, including many Conservative MPs, who have expressed serious concern over it.

HMRC confirmed in March in a [letter to the Treasury Select Committee](#) that a tenth person took their own life facing HMRC action related to the Loan Charge. In [a recent reply to the APPG](#), Jim Harra has also now confirmed that as well as the ten known suicide, HMRC have also referred twenty-four cases of serious self harm to the Independent Office of Police Conduct, of which thirteen have been suicide attempts. We have been consistently warning Ministers of the serious risk of suicides, yet these warnings have been ignored by both the Government and by HMRC.

It is also time that the Government admitted what a wholesale policy failure the Loan Charge has been. Its stated intention was to put an end to the use of what HMRC calls 'disguised remuneration schemes'. Yet this very clearly has not happened. In 2020/21, HMRC estimated that 31,000 people used such a scheme. The Loan Charge – and the way it unfairly goes after users, not promoters of schemes, has done little to deter promoters or protect taxpayers from being mis-sold and misled into using such arrangements (and in some cases, being put into schemes without their knowledge). What makes this figure particularly stark is that *more people engaged in such schemes in that tax year than actually settled with HMRC before the Loan Charge deadline.*

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

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

Office of Sammy Wilson MP, House of Commons, London, SW1A 0AA
contact@loanchargeappg.co.uk

At a recent oral evidence session of the Treasury Select Committee, Jim Harra, first Permanent Secretary and Chief Executive of HMRC [stated that around 40,000 still face the Loan Charge](#). **This means that four and a half years on from the date the Loan Charge came into force, 5th April 2019, there are still over 40,000 unresolved cases.** The level of policy failure here is staggering and this in itself demands proper investigation of the whole policy, its conception and its implementation. What is especially ironic is that it is HMRC's own failures that prevented several thousand people from settling with HMRC, which is what HMRC had told people they must do to avoid the Loan Charge. This appalling reality means that there are several thousand people who now only face the Loan Charge due to HMRC's own administrative failings. It is nothing short of a fiasco.

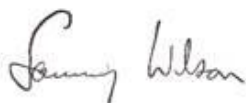
The role of the Financial Secretary to the Treasury is a very important one - the fifth most significant ministerial role within the Treasury after the First Lord of the Treasury (the Prime Minister), the Chancellor of the Exchequer, the Chief Secretary to the Treasury and the Paymaster General. In this position, you are responsible for HM Revenue and Customs. Your role therefore includes robust oversight of HMRC, especially when it comes to a demonstrably failed policy. We implore you to instruct your civil servants to pause before issuing any correspondence in your name. We would ask first that you examine the huge weight of evidence that shows the reality of the Loan Charge, HMRC's implementation of it and of the consequences of that. Unfortunately in the past, answers to questions have been issued which ignore the reality of the Loan Charge and its failure and ignore the dangerous consequences of the policy.

We hope you will look at the evidence and engage with us, with tax professionals and with those caught up in the whole Loan Charge nightmare. The APPG has sent countless examples of the ruthless way HMRC are pursuing people for unrealistic sums that people simply cannot afford and on payment terms that are impossible. The current approach also ignores the fact that people were advised to enter into these arrangements by Chartered Accountants and accredited tax advisers, in many cases recommending them to ensure compliance with the law. It is also palpably unfair to penalise individuals when HMRC failed to warn people not to use such schemes, failed to shut them down and failed to collect PAYE from agencies when they should have.

A fair resolution to the Loan Charge is required - something that is backed by many professionals in the sector as well as those impacted by the Loan Charge. The Government must seek such a resolution and change course. HMRC themselves know that there will be grave consequences if they seek to enforce the Loan Charge in the 40,000 unresolved cases. HMRC are themselves in a seriously problematic situation and a resolution would also allow them to move on from the mess they are in with the disastrous Loan Charge, a policy they conceived of.

We look forward to hearing from you and hope that you will look at the whole issue again.

Yours sincerely,



Sammy Wilson MP
Co-Chair



Greg Smith MP
Co-Chair



Baroness Kramer
Co-Chair

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