



# All-Party Parliamentary Loan Charge & Taxpayer Fairness Group

[www.loanchargeappg.co.uk](http://www.loanchargeappg.co.uk)

James Murray  
Exchequer Secretary to the Treasury  
HM Treasury  
1 Horse Guards Road  
London  
SW1A 2HQ

9<sup>th</sup> October 2024

Dear James,

## **Follow-up to meeting with people impacted by the Loan Charge Scandal**

We are writing following up the meeting you had with people impacted by the Loan Charge Scandal on 27<sup>th</sup> August in Portcullis House.

First of all, can we say thank you for agreeing to do this, following the suggestion at our previous meeting on Tuesday 23<sup>rd</sup> July. We really appreciate the way you have engaged since being appointed as Exchequer Secretary to the Treasury. This is in stark contrast to the way Ministers have behaved previously.

We hope that you found the meeting helpful, as well as challenging (and at times, distressing). All those who attended were anxious about participating, but very appreciative of you giving them the opportunity.

## **Key Points from the Meeting**

We think it is useful to re-iterate and highlight some of the key points from this meeting:

- The individuals who attended were from a range of backgrounds, sectors and careers. You heard from two social workers, one nurse who supported the country throughout COVID, an accredited investigation officer working for the police force and four individuals who'd performed IT consultancy services for different industries (one of whom is an ex-RAF Pilot).
- Four of the witnesses were placed into umbrella companies through their agencies and the umbrella companies recommended that they use the arrangements now subject to the Loan Charge. Four of the witnesses had chosen to work through umbrella schemes (whether following professional advice or not) because of concerns about the IR35 legislation (and ironically, professional advice that they might be at risk of challenge from HMRC if they did not use the recommended arrangements). As with the vast majority of those affected by the Loan Charge

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Scandal, these are not people who set out to avoid tax and this was not their motivation for using umbrella companies and the associated remuneration schemes offered/recommended. They all used the schemes that they did because they wanted to be compliant with the law.

- **All of these people had taken and then followed professional advice**, from either their work agencies or trusted advisers (which included Chartered Accountants, as well as accredited tax advisers).
- **In all eight cases, the individuals cannot possibly pay the sums being demanded. They simply do not have the money HMRC is demanding of them.** They never actually had much of what HMRC claims should have been paid in tax, because they paid a significant proportion of their remuneration in fees to the promoters/operators of the schemes (on the basis that these scheme providers were ensuring compliance AND paying the necessary tax due). HMRC also has levied interest, penalties and in some cases inheritance tax meaning that the already unaffordable bills become even larger – and even more unfair and draconian considering that they were given professional advice to use them and clear assurances of legitimacy and compliance.
- **In any case, as well as being unfair and reckless sending out demands that people cannot possibly afford (on any payment terms) but it is also utterly futile.** This of course means that the HMRC figures of how much they will collect from the Loan Charge and associated activity is completely spurious, as it is impossible for them to collect anything like this amount, when people simply cannot pay. This must be a key point for the promised review to consider, as it means that the basis of the whole policy/law and approach is seriously flawed. Sir David Davis made the point during the meeting that HMRC management decisions are taken on the strength of these seriously flawed estimates.
- **Four of the witnesses broke down whilst giving testimony**, because they became so distressed going through their case and how they have been treated and the impact the whole situation has had on them.
- **Two of those in attendance had tried to commit suicide.** These are presumably two of the thirteen such people that HMRC admitted to knowing about (and referring to the Independent Office of Police Conduct) in their letter to the APPG dated 29<sup>th</sup> March 2023 in reply to a letter we had sent on 16<sup>th</sup> February 2023. One individual pointed that according to HMRC the successful & unsuccessful suicide attempts since 2017 amount to 33 which is an annual rate of 4 per year.
- Another individual broke down when he explained that his teenage son's suicide note included how his father had "been distant" with him, something that he attributes to his pre-occupation with attempts to resolve the financial problems caused by the Loan Charge.
- **Two of the individuals explained how they were having to sell their family home** as a direct result of the demands HMRC has made of them. This is contrary to the HMRC rhetoric that they will not force anyone to sell their home.
- **Some of the individuals who are classified as vulnerable have experienced HMRC breaching their own guidelines and agreed protocol**, something also the APPG has also had a worrying amount of evidence of. In one case, contact was made with them using their partner's mobile phone whilst

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their partner was in hospital undergoing cancer treatment. It is clear from the Independent Office of Police Conduct in their [letter to us dated 29<sup>th</sup> March 2023](#) that they mandated HMRC to take action to prevent the sort of failures that have led to this kind of wholly unacceptable behaviour. Since the meeting, one vulnerable individual who gave testimony has had three home visits from HMRC when they are not supposed to do this.

- **Some of the individuals had experienced HMRC presenting incorrect figures and calculations.** This is something that the APPG has had considerable evidence of and acerbates the distress people already are experiencing.
  - One witness explained that for a tax year he was earning £16.50 per hour, HMRC presented him with a liability of £45,000. HMRC internal administrative problems were also mentioned and how they routinely allocate TTP (time to pay) payments against an incorrect tax year. This then leads to HMRC threatening to withdraw a TTP agreement and demanding full payment within 30 days as the individual hasn't made the payments that they had agreed to make. Any HMRC errors inevitably lead to increased interest payments due to the time taken to resolve them.
  - One of the witnesses explained how he was contacted by HMRC in 2017 with a tax bill of approximately £60,000 which has now increased to nearly £500,000 (an increase of over 800%). Several other witnesses spoke of being given liabilities of between £200,000 and £300,000. Contrast this with HMRC's responses to the Treasury Committee Inquiry in January 2019 where they were told by [Mary Aiston](#) that a 'typical' settlement is [£13,000](#).
- **Several of the individuals told the meeting that they were still even now being sent adverts for schemes, that are still being marketed (and mis-sold).** The Loan Charge legislation was supposed to stop this, but has comprehensively failed (as well as targeting the wrong parties).

We thank you again for arranging this meeting and hope you will continue to engage with people affected by the Loan Charge Scandal and at evidence.

### **Written Testimony**

At the meeting, you were provided with written statements from each person, for you and your private office. Other written testimony was mentioned. In March 2022, the Loan Charge & Taxpayer Fairness APPG issued a call for evidence to which they received over 500 responses all of which have been published on the APPG's website.

You are most welcome to access these and they are public. The APPG holds the personal details for each of these submissions but have protected the identity of the owner of each on the website. The APPG submissions may all be accessed through this link [www.loanchargeappg.co.uk/c4e](http://www.loanchargeappg.co.uk/c4e). A simple keyword facility exists on the website for filtering of the submissions.

We look forward to continuing to engage with you over this whole matter and will do anything we can to assist with providing evidence and case studies for you and your team. We also are happy to discuss what a proper, independent review into the whole issue and scandal should look like, for it to be credible and for it to actually look at the issue as a whole.

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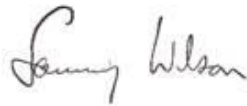
Finally you will have gathered from this letter that the Loan Charge and Taxpayer Fairness APPG has been reconstituted.

Thank you again for your engagement so far and we look forward to discussing this issue further with you.

Yours sincerely,



Greg Smith MP  
Co-Chair



Sammy Wilson MP  
Co-Chair

cc: Sir David Davis MP

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