



# All-Party Parliamentary Loan Charge & Taxpayer Fairness Group

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Rt Hon Rachel Reeves MP  
Chancellor of the Exchequer  
HM Treasury  
1 Horse Guards Road  
London  
SW1A 2HQ

13<sup>th</sup> November 2024

Dear Chancellor,

**HMRC meeting with the US Taxpayer Advocate Service – and the need for a UK equivalent established by Government, not HMRC**

We are writing to you regarding the possibility of a Taxpayer Advocate Service and Bill of Rights.

We note that in there was [a meeting of HMRC's Professional Standards Committee on 29th July](#), where Erin Collins, the National Taxpayer Advocate from the Taxpayer Advocate Service (TAS) in the United States Service attended and gave an overview of her the role of the Taxpayer Advocate Service.

The Loan Charge and Taxpayer Fairness APPG has expressed support for the introduction of reforms in the UK based on the US reforms that introduced a Taxpayer Bill of Rights and the Taxpayer Advocate Service. The [APPG held a meeting on this in February 2023](#).

The US model consists of:

- [Taxpayer bill of rights which consists of 10 rights](#) that includes the right to pay no more than the correct amount of tax and the right to finality.
- [Taxpayer code](#) which contains reforms that the tax office was obliged to conform with (including that the tax authority have to prove that tax is due)
- [Taxpayer Advocate](#) that is funded by but operates independently within the tax office and oversees compliance with the Taxpayer Rights and Code and that assists taxpayers to resolve tax office problems. The Taxpayer Advocate reports directly to Congress

There is currently a serious systematic problem with the way that HMRC treats taxpayers, all too often seeking tax through intimidation and the threat of court action with the ability to use unlimited amounts of taxpayers' money to fund expensive and often excessive legal representation. There are examples of abuses of power, not only with regards to the whole Loan Charge Scandal but also the 'IR35' cases taken against contractors and freelancers, plus its treatment of individuals and

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small businesses regarding child benefit overpayment, VAT cases, research and development (R&D) tax relief and other issues. There is a glaring and pressing need for a system of independent taxpayer advocacy as well as enshrining basic taxpayers' rights – rights that are too often denied or negated – into law.

There is also a serious wider problem with the current system of accountability of HMRC which simply does not work. HMRC is supposed to be accountable to the Treasury (which is accountable to Parliament) but all too often HMRC makes policy and also then provides responses and documentation for Treasury civil servants and Ministers. We have seen many examples of partial and misleading statements and briefings from HMRC officials, a lack of candour when appearing before parliamentary committees and a reluctance (and sometimes refusal) to respond adequately and promptly to Freedom of information requests.

There is no question that major reform is needed and would be welcomed by taxpayers – adult British citizens – and tax sector professionals alike. As in the US, such reforms must be legislated, to actually work and deal with the clearly identifiable problems and a profound lack of adequate accountability.

Such reforms however, would we believe be opposed by HMRC. This is why reforms in the United Kingdom must be properly independent of HMRC and without their interference in their design or implementation.

We note that in the minutes of the Professional Standards Committee meeting on 29<sup>th</sup> July, it states “The members thought this was a good introduction to how the TAS functions and what their service provides *and looked forward to this being the beginning of a valuable conversation as HMRC considers its advocacy offerings*”.

We find this statement both revealing and troubling. ‘Advocacy offerings’ is a very odd phrase and the idea that UK taxpayers will be assisted through any conversations that HMRC may have, is laughable considering how many taxpayers have face unfair treatment from HMRC (something that is an all-too-common issue in MPs’ post bags). As just one recent example, in July 2024 the Exchequer Secretary to the Treasury heard a Loan Charge victim talk about their experiences of using the HMRC loan charge “helpline” and how rather than being a point of contact for a person in crisis it would be more accurately named a “HelpYouPay Line”.

Whilst we warmly welcome engagement of the US National Taxpayer Advocate with the Government, this must be with the Treasury and above all, must be with Ministers. It is for Ministers to implement any changes that provide Taxpayers with a mechanism to challenge HMRC, not something HMRC should consider or indeed interfere with in any way.

We also wish to stress that a UK Taxpayer Advocate Service needs to be genuinely independent of HMRC (even if it is housed within it). There is no point in having a body that assists taxpayers to resolve tax office problems that answers to the body that they are supposed to be challenging. Any HMRC involvement in the implementation of these reforms would result in a biased and flawed department that simply serves as a box checking exercise. We therefore urge that Ministers announce a proper review. Implementation by an HMRC committee (with members that include the

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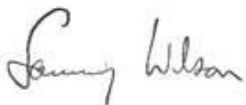
HMRC Permanent Secretary) would be seen as denying independent taxpayer advocacy and statutory taxpayers' rights.

We note that the Exchequer Secretary to the Treasury James Murray has been appointed as Chair of the HMRC Board (and now chairs the PSC). We note that you have said this is to "strengthen political accountability and delivery". This is welcome, however alone this will not deal with the systematic issues of unfair treatment experienced by far too many taxpayers, nor deal with the vacuum of wholly inadequate accountability and oversight of HMRC, which needs to be robust, independent and therefore external of HMRC.

We hope you will note these concerns and fully engage directly with not only the US National Taxpayer Advocate and staff, but also with UK tax sector professionals and victims of HMRC intimidation and campaigners seeking to ensure taxpayers in the UK have proper protection against the tax authority when it makes mistakes and abuses its power.

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

Yours sincerely,



Sammy Wilson MP  
Co-Chair



Greg Smith MP  
Co-Chair

cc : Exchequer Secretary to the Treasury

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