



HM Treasury, 1 Horse Guards Road, London, SW1A 2HQ

Sammy Wilson MP
Greg Smith MP
House of Commons
London
SW1A 0AA

3rd April 2025

Dear Sammy and Greg,

Thank you for your letter to the Chancellor of the Exchequer about the independent review of the Loan Charge. I am replying as Minister responsible for the UK tax system.

As you know, prior to the 2024 general election, the Chancellor committed to holding an independent review of the Loan Charge to bring this matter to a close for those affected. Following the election, I began pursuing this matter on her behalf, and met with campaigners, members of the APPG (including yourselves), tax experts, and some of those affected.

Like many other MPs, I have been impacted by meeting with people whose lives have been affected by the Loan Charge. I believe the most important outcome of any review must be to bring the Loan Charge to a close for those people who still owe substantial amounts of money but can see no way to resolve their debts.

At the Budget, the Government committed to an independent review of the Loan Charge to help bring this matter to a close for those affected whilst ensuring fairness for all taxpayers. On 23 January, the Government launched this review and published its terms of reference. They can be found here:

<https://www.gov.uk/government/publications/independent-review-of-the-loan-charge/terms-of-reference-independent-review-of-the-loan-charge>

The independent review is being led by Ray McCann; a highly respected figure in the tax world whose name was suggested by one of the Loan Charge campaigners. The terms of reference make clear that Mr McCann will be supported by a team of officials who have not previously worked on this policy area, and they will be based outside of the Treasury and HMRC offices.

I do not think it is right for people affected by the Loan Charge to have to wait years for any progress on bringing this matter to a close for them. I have therefore ensured that the review has a focused remit, allowing it to report by this summer. The Government will respond by Autumn Budget 2025.

It is now for the independent reviewer to conduct his review. It would not be appropriate for me to answer many of the questions that you raise, since they are matters for the independent reviewer to consider. However, there are some points that I would like to make.

The review is independent of the Treasury and HMRC. As set out in the terms of reference, the reviewer will have the final say on what is included in his report. The terms of reference also make clear that it will be for the reviewer to decide what arrangements are needed to engage with stakeholders during the review.

The terms of reference explain that the Treasury and HMRC must make all possible efforts to support the review team's work by providing them with any information that they request in a timely fashion unless there is a legal reason not to. They also explain that information provided by the departments to the review team and factual comments provided on draft reports will be published after the review has concluded.

The terms of reference do not say that the Treasury or HMRC will be analysing evidence that others submit to the review, and they will be doing no such thing. This baseless claim is deeply unhelpful to the conduct of the review, and I would encourage you to challenge it whenever it is made.

Similarly, HMRC will not decide which cases the review can consider, or indeed which individuals can be part of the review. The terms of reference set out which disguised remuneration arrangements are in scope of the review. Based on these terms of reference and the information HMRC hold on individual taxpayers, HMRC are writing to customers to explain what they think the review means for them.

As you note, HMRC have also set out the current position on late payment interest, namely that it continues to accrue on tax owed during the review. If they are able, customers can make an upfront payment of any additional tax owed to stop the amount of interest building up. If HMRC later find there is no additional tax to pay, they will refund that payment (provided there are no other tax debts). They will also pay repayment interest on the amount refunded. Given the review is ongoing, it would be inappropriate for me to comment further on this policy for those in scope of the review.

On affordability, it would have been irresponsible for the Government not to acknowledge the challenging fiscal circumstances that we inherited. That is the context in which this review takes place. I will not pre-empt the outcome of the review, but I am clear that the review should focus on bringing closure for the unsettled and unpaid Loan Charge populations, with targeted solutions that have the minimum possible impact on the public finances. Any recommendations should be sufficiently well-targeted at the review's objectives to minimise their fiscal impact, and as I set out in my letter to the reviewer, we will not be able to accept recommendations that do not meet this condition.

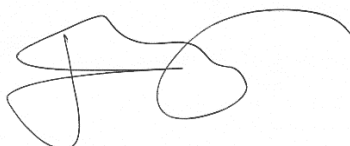
Alongside the review, the Government has published a consultation on a comprehensive package of measures to close in on promoters of marketed tax avoidance, whose contrived schemes deprive vital public services of funding and leave their clients with unexpected tax bills.

At the Budget, we also announced action to tackle tax avoidance by umbrella companies, where most disguised remuneration now takes place. The Government will introduce legislation, effective from April 2026, to make recruitment agencies using umbrella companies legally responsible for accounting for PAYE on workers' pay. Where there is no agency in the

supply chain, this responsibility will fall to the end client. This along with the measures on promoters will help prevent disguised remuneration in the future.

To reiterate, the independent review of the Loan Charge is focused on pragmatic solutions to bring closure for the unsettled and unpaid Loan Charge populations. In this spirit, I would urge you to encourage those affected to engage with the review and any government response to it. I would also ask that you remain vigilant to, and resist amplifying, baseless claims about the review, which may serve to undermine this aim.

Yours sincerely,

A handwritten signature in black ink, appearing to be 'James Murray', with a stylized flourish extending to the right.

James Murray MP
EXCHEQUER SECRETARY TO THE TREASURY