



# 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

1<sup>st</sup> July 2025

Dear Chancellor,

## **URGENT – revelation of 15% deal (85% discount) made by HMRC with large companies**

We are writing as a matter of urgency about the extraordinary revelation that HMRC did a deal with large companies, for use of schemes related to the Loan Charge, for just 15% of what HMRC said they owed.

A [Freedom of Information response](#) has been shared with us, which has revealed minutes of a meeting on 17<sup>th</sup> September 2019 during the 2019 Morse Review between Sir Amyas Morse, the then reviewer and Ray McCann, who is of course, conducting the current review into settlement terms.

The minutes include Ray McCann telling Sir (now Lord) Morse about this stating:

**“The earlier settlement opportunity that had been open to large companies had included significant discounts, so that eventually the companies settled for somewhere in the region of 15% in 2015”**

This is absolutely staggering considering the ruthless way that HMRC has treated individuals subject to the Loan Charge. This means that large companies, that will have known what they were doing, were given an 85% discount on what HMRC said they owed. Yet HMRC has ruthlessly pursued and refused to offer any meaningful discounts to those affected by the Loan Charge, despite you yourself acknowledging that those affected are victims of mis-selling.

This settlement deal in 2015 was concluded just the year before the Loan Charge was introduced to Parliament in the 2016 Budget. It is therefore now known that at the same time as HMRC were doing this sweetheart deal with multi-million pound companies, they were conceiving of a new law to retrospectively issue huge (‘max tax’) bills to individuals and convincing Ministers to implement this. This is despite the fact that HMRC failed in its duty to collect tax due from agencies and employers at the time and comments from both you and Exchequer Secretary James Murray conceding that there

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has been industrial mis-selling of schemes to contractors by promoters, umbrella companies and accountants, who continue to face no action.

**Those caught up in the Loan Charge Scandal have been singled out and treated in a discriminatory way**

The meeting notes show Ray McCann stating that contractors have been offered NO discounts – and are the only group that this applies to:

“The contractors weren’t offered these terms. RM [Ray McCann] has been hugely critical of HMRC because in his view, much of the problem is down to HMRC’s handling of the whole issue.

“Settlement opportunities have always had a discount, and contractor one is the only one that didn’t. Even ingenious who are battling away with HMRC still had a 25% discount offered”.

Ray McCann also told Sir Amyas Morse that HMRC’s singling out of contractors was discriminatory:

“RM thinks that contractor arrangements discriminate against contractors for reasons that aren’t apparent”.

We agree completely with Mr McCann about this. HMRC has a duty to treat taxpayers fairly and not to discriminate between them. It’s whole approach to those caught up in the Loan Charge Scandal has been clearly discriminatory and breaches this duty. On X (formerly Twitter) Mr McCann has also referred to this treatment as a “punishment strategy”. This must now be properly and fully investigated (something alas excluded from the current McCann Review into settlement terms).

**Impact of the revelation about the 15% deal on the McCann Review**

This revelation of the HMRC deal with large companies clearly has – and must have – a profound impact on the McCann Review into the settlement terms available to individuals. The Treasury has known all along that large companies were allowed to settle for just 15%, representing an 85% discount, so the question has to be asked, why commission a review into settlement terms, when the Government could simply have taken a decision to offer those same terms (and 85% discount).

Ray McCann himself knew about this secret settlement deal and yet there has been no mention of it by him or Ministers. The reality is there was no need for a review of settlements at all, indeed no need for the Loan Charge, instead individuals could and should have been offered the same settlement terms as large companies ten years ago.

The statement that the review has to be fair to all taxpayers is now looking rather ridiculous, when in reality large companies, with the ability to settle demands, were given terms that were very generous, whilst those affected by the Loan Charge have been treated ruthlessly and punitively. The reality therefore is that the Treasury and HMRC are already guilty of not treating taxpayers fairly or equally.

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Considering that Ministers have acknowledged that people facing the Loan Charge are victims of mis-selling, then it would be outrageous to ask them to pay more than large companies, who unlike the victims of mis-selling, did know what they were getting into.

**Therefore, regardless of what Ray McCann recommends in his report on settlement terms, all those facing the Loan Charge and those pushed to settle to avoid it must all be offered no more than 15% as full and final settlement. Anything else would be unfair and represent different treatment of taxpayers which is a breach of HMRC's duty to treat taxpayers fairly and not to discriminate between them.**

#### **Mr McCann describes an HMRC statement by saying "you could say it was lies"**

Mr McCann is also right to highlight HMRC disinformation. With this and the cover up of the corporate deal, it is clear that rather than tinkering with settlements, there needs to be a proper, independent inquiry that looks at the whole Loan Charge Scandal. This should include looking at whether HMRC's discriminatory behaviour singling out of contractors is unlawful, as well as a breach of their own Charter.

The 2019 meeting minute also reveals that Ray McCann is well aware of HMRC dishonesty, something that the APPG has had to raise regularly due to the continual and cynical way HMRC has sought to misrepresent the Loan Charge, its dubious legal basis and its treatment of those affected. In the meeting minutes has Ray McCann is recorded as saying:

"RM – last year's statement – **you could say it was lies**. Jon Thompson said that HMRC had won case after case, and it wasn't wrong but it wasn't right either. HMRC had won on corporate tax deductions, but they lost on PAYE. **No case on record where they've won a loan scheme.**

Here we have the current reviewer and a former Assistant Director of HMRC confirming that a statement put out by the then Permanent Secretary and Chief Executive of HMRC was dishonest. As you know, when we wrote to you laying out what genuinely independent Loan Charge review would look like, we made clear it had to properly investigate the way HMRC has routinely given misleading, partial and at times (as Mr McCann states) dishonest responses regarding the Loan Charge. This investigation must now happen and it must look at all individuals involved and consider the possibility of recommendation that Honours should be forfeit if senior HMRC officials have not been honest in statements and responses to letters.

#### **The need for a proper independent inquiry into the Loan Charge Scandal**

Mr McCann is also the right to highlight HMRC disinformation. With this and the cover up of the corporate deal, it is clear that rather than tinkering with settlements, there needs to be a proper, independent inquiry that looks at the whole Loan Charge Scandal. This should include looking at whether HMRC's discriminatory behaviour singling out of contractors is unlawful, as well as a breach of their own Charter.

The reality is that if HMRC had offered all contractors 15% and fair payment terms (and of course ideally pursued the agencies/employers where possible, as HMRC failed in its duty to collect tax due

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from them at the time) then there would have been no need for the retrospective draconian Loan Charge, no Loan Charge Scandal and none of the huge costs HMRC has incurred in both administering the 50,000 plus cases and dealing with all the scrutiny and coverage and the many Freedom of Information requests that people have made, to expose the truth about the whole scandal.

What's more, if HMRC had offered the same terms to those now facing the Loan Charge, there would not have been any suicides. This must therefore be investigated. With HMRC having deliberately singled out one group of taxpayers – contractors and freelance workers unable to defend themselves against HMRC - in clearly discriminatory behaviour – this is surely a serious breach of its own duty not to discriminate against people but also is downright reckless. HMRC has engaged in both controversial 'behaviour insight' techniques to infer guilt and simultaneously misrepresent the motives of those involved, deliberately painting them as deliberate tax avoiders. All of this must be investigated and the whole strategy that has led to ten suicides and thirteen attempted suicides in a similar way to the Post Office Scandal.

It is also very troubling that Parliament and Parliamentary committees have not been informed of the 2015 deal, either during the passage of the legislation going through nor Parliament, nor by any Treasury Ministers or HMRC officials since. This also needs investigating.

The case for a full independent inquiry into the Loan Charge Scandal is now more compelling and we hope rather than more deflection and delay you announce this.

### **Questions we would like answers to**

As well the overwhelming case for a proper inquiry into the whole Loan Charge Scandal, we have some questions we want answers to:

1. Why was Parliament not informed of the deal in 2015 allowing larger companies to settle for just 15%?
2. Are you as Chancellor aware of this deal? We realise it was made ten years ago under the previous Government.
3. Was the Exchequer Secretary to the Treasury aware of this deal when he announced the McCann review into settlement terms?
4. Considering that Ray McCann knew about this deal in 2019, why has it not been made public, when appointing him to lead the current review into settlement terms (when this was a major settlement deal and directly relevant?)
5. Instead of commissioning a review into settlement terms, costing yet more taxpayers' money, why did the Government not instead simply announce a settlement opportunity for all affected by the Loan Charge at the same 15% figure given to large companies?
6. Why have HMRC officials never revealed the 2015 deal with large companies when they have appeared before Parliamentary committees?
7. What action you will take about HMRC's statement as described by Ray McCann as effectively "lies"?

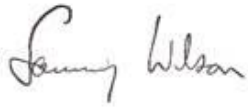
We look forward to your response and we also urge you now to do the right thing and announce that the victims of mis-selling you rightly refer to are not asked to pay any more than 15% of what HMRC

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said they owed (and where circumstances, such as the mis-selling and lack of other options dictate, even less).

Yours sincerely,



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Co-Chair



Greg Smith MP  
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Sarah Olney MP  
Vice-Chair

cc. The Treasury Select Committee  
The House of Lords Economic Affairs Committee

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