



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

Sammy Wilson MP, Greg Smith MP,
Emily Darlington MP, Sarah Olney MP
House of Commons
London
SW1A 0AA

21 January 2026

Dear Sammy, Greg, Emily and Sarah,

Thank you for your letter dated 16 December 2025 about the loan charge.

The Government promised to commission a new independent review of the loan charge and that is what it delivered.

Ray McCann is highly respected within the tax profession, and his name was suggested as a potential reviewer by a loan charge campaigner. The purpose of the review was to bring the matter to a close for people who have not settled and paid their loan charge liabilities. The Government accepted all but one of the review's recommendations and is legislating in the Finance Bill to give HMRC the power to administer a new settlement scheme.

In a number of instances, the Government has decided to go further than the review's recommendations. Most notably, we decided to write off the first £5,000 of everyone's liability, providing significant relief to those with the lowest liabilities who are more likely to have been lower earners and targeting support at those who most need it.

I understand the strength of feeling about this issue. While some people may not have fully understood the risks of these schemes, it is still the case that they received income that was not properly taxed. It remains an important principle of the tax system that taxpayers are responsible for their own tax affairs and have a duty to pay tax that is owed.

You ask why the recommendations do not apply to people who used disguised remuneration schemes prior to December 2010 and after 5 April 2019. The settlement opportunity only applies to disguised remuneration use during this period because this is the only period for which the loan charge applies.

The Government remains committed to closing the tax gap by bearing down on tax avoidance and ensuring that everyone pays their fair share. However, the Government accepts the review's finding that the loan charge was an extraordinary piece of legislation that treated those within its scope uniquely compared with other taxpayers. The settlement opportunity will not apply to other tax avoidance schemes that are not within scope of the loan charge. In those cases, HMRC will continue to work with taxpayers to resolve their cases in line with existing legislation and case law. HMRC is committed to working sensitively and pragmatically with taxpayers to reach settlement. This includes by offering flexible payment terms where people need more time to pay their liabilities.

You also ask that the settlement opportunity be extended to include people who settled prior to becoming liable to the loan charge or have paid their loan charge liabilities.

The review's focus was on taking action to help those individuals who do not yet have certainty about their liabilities, or who still owe money to move on from this matter. The review identified affordability as a key barrier preventing some individuals from settling and made recommendations to remove this barrier. This will come at a substantial Exchequer cost over the next five years.

Because of the decisions the Government has taken, around 30 percent of people within scope of the review could have their liabilities removed entirely. Most other individuals will see their liabilities reduced by at least half.

However, every pound foregone is ultimately a pound that has to be made up by taxpayers who never got caught up in these schemes. The Government has therefore capped the maximum write off on what someone owes because of the loan charge at £70,000. This still provides a very generous tax reduction for higher earners. HMRC estimates that more than 80% of individuals in scope of the settlement opportunity will not be affected by the cap.

The cap will only affect those who avoided the largest amounts of tax, for example because they received high amounts of income through these schemes or used them for a significant number of years. As a result of the Government's decision to write-off an additional £5,000 of each person's liability, HMRC estimates that most people will be better off than under the review's recommendations, even with the cap.

The review is the final chance to resolve this issue through settlement. It represents the Government's attempt to provide a fair route to resolution for those who have not been able to settle with HMRC. In turn, this requires those individuals to now come forward and engage with HMRC in good faith.

I would welcome your support in encouraging your constituents and others within scope of this generous new settlement opportunity to engage constructively with HMRC to bring this issue to a close. I look forward to meeting with you to discuss how we can work together to achieve this.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'D Tomlinson', written in a cursive style.

DAN TOMLINSON MP
EXCHEQUER SECRETARY TO THE TREASURY