

Dear Mr Wilson

It was good to meet with you and some of your APPG colleagues on 3 February 2026 to discuss my report and the issues raised in your letter of 16th December 2025.

At the outset I would repeat my thanks for the fact that APPG broadly welcomes the outcome of my report, and I did recognise the point you made at the end as regards the role of the APPG.

As I mentioned, at this stage we can only go by Government estimates. These suggest that some 10,000 individuals will have no liability at all and a further 16,000 or so will see a material reduction in their liability. The efforts made by the APPG plainly have been influential on the Government and, if Governments estimates are accurate, the review process will have been worthwhile and will significantly alleviate the Loan Charge burden for many thousands of individuals and their families.

I do recognise your concern over the £70,000 limit. This is obviously now part of the Finance Bill process, and it would not be appropriate for me to comment on it. However, it was a decision that the Minister was entitled to take since whilst the Terms of Reference made clear that I had the final say on the *content* of my report, it was for the Government to decide whether to accept all or any of my recommendations.

The Government has said that the limit of £70,000 will not include any IHT that is written off. This is likely to be much more valuable to those higher paid individuals where they were beneficiaries of an offshore trust as part of the loan scheme arrangements since the potential amount of IHT in those situations would be much greater.

If I can also quickly address the other points in your letter:

PAYE Credit

The point you made is not correct. I did not reject the possibility of a PAYE credit and my report made clear that where HMRC pursue the employer for unpaid PAYE a credit should follow. However, I also made clear that the issue of PAYE credit is not as straightforward as the Loan Charge Action Group would suggest. The Court of Appeal decision in Mr Hoey's case addressed this and my report reflects both my own views and the conclusions of the Court. I was made aware during the review that HMRC has in some instances allowed a PAYE credit.

There is however the fact that above a certain level of income most of what should have been paid to HMRC in PAYE and NIC went to the individuals who used the schemes since these schemes were intended to provide up to 85% of the individuals earnings tax and NIC free.

Mis-selling by promoters

The APPG letter to me last spring did not accurately reflect what I said when we met last year. My position then was not that those at higher income levels cannot be mis-sold a tax (or other financial) product but rather that it was easier to accept the potential for mis-selling of a tax scheme where lower paid individuals are concerned.

You also asked me why I did not recommend action against the promoters. I was highly critical of promoters in my report, and I did say that "...more needs to be done to hold promoters to account (where possible)."

However, I was aware that the Government was bringing forward a serious package of measures intended to impose additional controls and sanctions against scheme promoters and tax advisers more generally and the umbrella market. I also knew that HMRC had pursued very many promoters for non-disclosure of DOTAS, resulting in penalties of £1m or more being imposed and that there was much going on that was not yet public.

Finally, I recommended changes to the rules applying to promoters and the introduction of criminal sanctions in certain situations. The Government has accepted these additional recommendations.

The settlement terms for banks and large business

As I said, I have been consistently misquoted so far as banks as large companies are concerned. I have never, at any time said that a bank was offered a 10% or 15% settlement rate. Likewise, I have at no time said that HMRC had made an offer generally to large business to settle at that level.

I have said at various times that the generous terms of, for example, the EBTSO could in some cases have such an outcome when compared to all of the possible liabilities that could be charged. The 2005 bank settlement is referenced on page 14 of my report (albeit briefly) and the EBTSO is mentioned in various places but mainly on page 21 since, in the context of contractors it is the more relevant of the two.

My criticism of those arrangements has never been that they were generous but rather that a similarly generous approach was not taken in respect of contractors, the "one size fits all" approach I criticised. This is a key theme of my report and indeed, the whole point of my 2022 Croner article (that the APPG has seen) was to suggest a possible answer to why contractors were being treated so harshly.

It is also difficult to compare the effective rate applied to an individual with that of a company, but I am sure that applying the terms of the new settlement opportunity will result in very many individuals having a low effective settlement rate. Plainly a 0% rate will apply to the 10,000 individuals who will have their liability reduced to nil and there

will be a range of rates across the remainder of the population depending upon their individual circumstances.

The Terms of Reference

It is correct to say that I drafted terms of reference at the request of, and for agreement of, the Government. Those who had already settled were outside of the scope of the review as were those individuals with only pre-2010 open HMRC enquiries.

It was a review of the loan charge specifically to establish what barriers were preventing settlement and how those who were still to settle could be encouraged and where necessary helped to settle.

The essential issue from my perspective on 23 January 2025 was to begin work intended to identify a pathway through this for an unknown number of individuals who were still to settle. At that point since it was entirely possible that the Government would not accept some or any of my recommendations, the position of those excluded groups was at that stage academic.

Both groups give rise to very different issues and whether the recommendations made in my report are extended to those groups is entirely a decision for HMRC within its care and management responsibilities. I ensured that the potential for unfairness was highlighted in my report and beyond that it would again not be appropriate for me to say more.

Finally you asked me what you should say to your constituents. The main thing at this stage is to encourage your constituents to contact HMRC. This is HMRC's preferred course since realistically with 32,000 individual cases it will be some months before HMRC is able to contact everyone involved.

No one who contacts HMRC to discuss their settlement options is committed to concluding a settlement and for those who need additional time to pay the process may take longer. In this respect, an important, but seemingly overlooked, aspect of the Government's response was the Minister's commitment to ensuring that HMRC will tailor its response to those individuals with payment difficulties more specifically to the circumstances of each individual when agreeing a settlement.

With best wishes,

Ray McCann

6 February 2026