



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

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

18 March 2026

Dear Greg,

I am writing to follow-up on the Loan Charge APPG's letters to the Chancellor and Chief Secretary about HMRC's approach to settling tax disputes with large businesses.

As I explained in my response in the House at Treasury Questions, it would not have been appropriate for me to reply to the letters you sent whilst the review was ongoing and the Government was considering its response. I wanted to let the reviewer do his work and consider the recommendations without being influenced by engaging in correspondence on matters proper to the review. I hope you will appreciate that, even though I was not able to reply until now, I have met with members of the APPG both before and after the publication of the McCann review.

Ray McCann is a highly respected figure in the tax world whose name was suggested by a loan charge campaigner. The terms of reference for the review were clear that the officials supporting Mr McCann would be people who had not previously worked on the loan charge, and they were based outside of the Treasury and HMRC. Mr McCann had the final say on what was included in his report and a full list of the factual comments provided by Treasury and HMRC officials were published as part of the Government's response to the review.

The Government accepted all but one of the review's recommendations. Implementing these recommendations will come at a substantial Exchequer cost over the next five years.

The Government's position on the specific point you raised in the House on 10 March is already on the record. I provided responses to written Parliamentary questions on 8 September 2025 (UIN 71175) and 12 September 2025 (UIN 75059). As I explained in those responses, HMRC officials do not recognise the allegation that HMRC agreed deals with large employers allowing them to settle disguised remuneration liabilities for less than was legally due.

All settlements reached by HMRC are in line with its published Litigation and Settlement Strategy (LSS). This applies as much to the resolution of a dispute with a multinational corporation as it does to small business customers or individuals. Decisions needed to give effect to the principles of the LSS in individual cases are

subject to robust HMRC governance arrangements. HMRC's Litigation and Settlement strategy is published on gov.uk:

www.gov.uk/government/publications/litigation-and-settlement-strategy-lss

Disguised remuneration settlements at the time were made under the Employer Benefit Trust Settlement Opportunity (EBTSO). The details of these settlement terms are a matter of public record. The terms make it clear that settlements had to be based on the position if HMRC was to litigate. The terms of the EBTSO are on gov.uk: <https://www.gov.uk/government/publications/employee-benefit-trusts-settlement-opportunity>

I also understand that Ray McCann has written to the APPG explaining that he has been misquoted and has never, at any time, suggested that HMRC settled with big businesses for these amounts.

The new settlement opportunity announced at Budget offers significantly more generous terms than previous opportunities offered by HMRC. As I explained in my previous reply, due to the reduction for all those affected by £5,000 as a result 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.

The new settlement opportunity 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 people to now come forward and engage with HMRC in good faith.

I would ask you to encourage 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 have copied this letter to the other Chairs and Co-Chairs of the Loan Charge APPG.

Yours sincerely,

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

DAN TOMLINSON MP
EXCHEQUER SECRETARY TO THE TREASURY