Ray McCann (sent by email)

22nd June 2026

Dear Ray,

We thank you once again for coming to speak with some members of the APPG on 3rd February 2026 and also for your reply to our previous letter which we received on 6th February. Since then, it has become clearer precisely what the Government intends to implement from your review, but also the way that HMRC is seeking to interpret the proposed changes, hence the need to write to you again.

We do not want to take up too much of your time, now that your review has concluded, but there are give key points we do need to raise with you in order to seek factual clarity. We would therefore appreciate a response at your earliest convenience on these issues.

We appreciate that you don't wish to comment on the Government's changes to your recommendations, most notably the £70,000 cap on reduction to total demands as the Government, as you point out, always intended to accept or reject recommendation made. *We would point out that this, of course, means that, contrary to the line given by Ministers and officials, it is therefore the Government, not you, that has the "final say" on the reality of the review recommendations and the impact they have, which in the end, is what matters.*

As we made clear to you in writing and in person, we are very concerned that the £70,000 will make it impossible for many people with higher liabilities to be able to resolve their cases, which therefore flies in the face of the purported intent of your review, which according to Treasury Ministers, was to resolve the outstanding cases. However we do understand that you might not feel able, or wish to comment on this, now your involvement has concluded.

There are other important points we do need to raise with you, as ultimately, we do share the same ambition, which is for cases to be able to be resolved fairly, and to be seen to be resolved fairly, so as to end the nightmare for those caught up in this long running scandal.

These are the key points to seek clarity from you on:

1. <u>HMRC's interpretation and implementation of the recommendations</u>

We are concerned that HMRC are now interpreting the recommendations of your review, as implemented by Government in a way that gives rise to significant concerns. We wish to understand whether you also are concerned that HMRC is seeking to maximise its position and undermine the spirit – and indeed the substance - of some of your recommendations.

These concerns arrive from information from advisers assisting those caught up in the Loan Charge nightmare, and also from individuals themselves. Some of this concern is from analysis of HMRC's technical note published on 9th February.

From this note and from what we have been told from discussions advisers are having with HMRC, it seems clear that HMRC are seeking to interpret your recommendations in a way that maximises their position. We are concerned that HMRC is deliberately interpreting some recommendations in a way that is not in the spirit of your intentions and even worse than that, are interpreting them in a way that will significantly reduce the reductions for many people affected, which will make the proposed 'settlement opportunity' impossible for them.

Most notably, we are very concerned about the linking of the proposed reduction to total demands to promoter fees, as this allows HMRC to add fees back in, before the calculations are done. On top of this, it seems that HMRC is intending to add merely an estimate of what it believes promoters fees might have been – and of course at the maximum level it can. As well as the potential impact on the effect of your recommendations, we are also concerned that this is unfair as it in effect surely means that people are being taxed on money they never received, money paid to promoters who promised to take care of all necessary tax and National Insurance contributions. We are also concerned about the inclusion of National Insurance Contributions where HMRC no longer has any legal claim to these and the fact that HMRC intends to charge interest on the 2018/19 Loan Charge.

Considering HMRC's central role in the Loan Charge Scandal – and especially in the extraordinary failure of it as a tool, with only 800 individual settlements made between 2019 and 2026, at a huge loss to the taxpayer – this attitude is deeply troubling and moreover, counterproductive when the aim of your review recommendations is to seek to resolve cases.

We therefore wish to ask you whether you too are concerned that HMRC's watering down of the recommendations and the impact it will have.

Question 1: Are you concerned that HMRC is interpreting or seeking to interpret, any of your recommendations in a way that is not in the spirit of those recommendations and/or not how you envisaged them being implemented?

(a) If so, will you raise this concern with the Government and make clear that this is not how you envisaged your recommendations being implemented by HMRC?
(b) If not, why not?

2. Your recommendations to penalise those with higher 'liabilities' versus those with lower demands

In our view, as we have expressed to your previously, your review appears to have worked on the basis of a clear prejudice that those with higher liabilities are somehow more 'guilty' of deliberate tax avoidance than those with lower liabilities.

Yet you have claimed that *"The APPG letter to me last spring did not accurately reflect what I said when we met last year".*

To be clear, we didn't say that you did say that "those at higher income levels cannot be mis-sold a tax (or other financial) product", so that is actually misquoting what we wrote in our letter. What we said was that your view expressed at the meeting last year was *"that people on higher incomes are **somehow less likely** to have been victims of mis-selling"*. That does indeed therefore seem to be what you said – and what you have assumed to be the case in your review.

What you said at the meeting was that you intended to work on the basis that *"when you come down the income scale, we will come with it that the lower you are on the income scale, the less sophisticated you're going to be, the less you've got access to reliable tax advice and tax help. The risk of being scammed effectively is much, much greater".*

In any case, what you have now stated in your letter to us is that:

> "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".

That statement, from you own letter, precisely confirms the very assumption/prejudice that we raised with you – that you have worked on the basis that those on lower incomes are much more likely to have been victims of mis-selling. We have been concerned about this assumption/prejudice and simply do not believe that the evidence supports it. In our view, there is no logic behind this statement, never mind evidence and, in our view, it demonstrates the very prejudice we identified from your comments made to us at the meeting last year, as we explained in our letter last Spring.

Indeed, from the considerable evidence that has been shared with us over many years, it appears that many of those on lower incomes did not take professional advice on using the schemes, whereas those on higher incomes very often consulted Chartered Accountants, who reassured them that the schemes were legitimate and tax law compliant (and as is now known to be the case some were actually working with or for promoters, on commissions, to sign clients up to schemes and incentivised to ensure they kept using them). In terms of the idea that those with higher liabilities were therefore less likely to be victims of mi-selling, the reality is in fact that many were more cautious and (as HMRC and the Government advise) they sought and followed professional advice from registered, chartered accountants. We refer you to the report published by the Loan Charge Action Group last October. We also note that whilst you have acknowledged the role that many chartered accountants had in recommending (which in some cases was actively pushing people into schemes for commissions) you have not recommended that HMRC should pursue these advisers for any of the disputed tax.

There is also the fact that there is not a direct correlation between liability levels and people's income now. Again, we feel there is an underlying assumption that there is or must be. With the retrospective nature of HMRC's action (and the Loan Charge itself), there are a significant number of people now retired. There are also contractors who lost work during the Covid pandemic and have never managed to recover their previous levels of income. There are also those who have lost work, roles or even careers due to the mental impact of facing the Loan Charge, with a worrying number of people reporting stress, anxiety and depression. We therefore question the practical logic, as well as the fairness, of a blanket approach of assuming those with higher liabilities are less deserving of a fair and affordable resolution and therefore should be subject to less beneficial terms.

In addition, there is also the fact that is also a significant group of lower paid workers, including some NHS and council workers, facing HMRC action for tax years after the Loan Charge period. This group is excluded from your review and recommendations, so will receive no help. This seems to be at odds with your and the Government's desire to be more favourable towards those with lower liabilities.

Question 2: What actual evidence do you have to support your underlying assumption that those on lower incomes are more likely to have been victims of mis-selling than those with higher liabilities?

Question 3: Do you accept that those with higher liabilities were more likely to have taken/followed advice from a chartered accountant or accredited tax adviser, reputable advisers that people had every right to assume were giving good advice?

(a) If you do accept this, do you not accept that the assumption about these people being less likely to have been victims of mis-selling is very questionable?

Question 4: Do you accept that there will be people with high levels of HMRC demands currently with low levels of income (including, ironically, as a direct result of the impact of facing HMRC action)?

Question 5: Do you not accept that by treating those with higher liabilities more harshly, it will make it much less likely that these cases will be resolved, which is the stated objective of your review?

3. **Mis-selling by promoters and why you didn't recommend that they should face any demands**

We also wish to return to the point in your letter, about why you did not recommend that those who promoted and operated should be pursued for at least some of the disputed tax demands arising from the use of schemes they operated and marketed as legitimate and HMRC compliant.

You state in your letter to us:

> "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".

This section of your reply to us completely misses the point, as you must realise. We were, as was clear and explicit in our letter, talking about **recommending that the Government pursue promoters for (at least some of) the disputed retrospective tax being demanded by HMRC.** We were not, as was clear from our letter, talking about changing rules going forward which in any case, has no impact on those currently facing demands, nor on the fact that your review leaves in place the position that those who were mis-sold schemes are being pursued for all the disputed tax, whilst those who mis-sold the schemes – and made very considerable sums of money doing so – are not being asked to pay a penny.

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It remains our view that it is wrong that the only party being pursued is the very group whom the Chancellor herself called victims of mis-selling.

We therefore must ask you again – and ask you for a clear answer specifically on this:

Question 6: Why did you decide not to recommend that the Government should pursue, in any and all ways it could, those who recommended, promoted and operated these schemes for any of the disputed tax?

Question 7: The Chancellor was very critical of the previous Government's approach of pursuing what she described as victims of mis-selling and not going after what she called "the perpetrators" Why have you left all the liability on victims of mis-selling and not the perpetrators of the mis-selling?

(a) Do you not understand that this is regarded as the central injustice to the Loan Charge Scandal and one that you have left in place?

4. The HMRC deal reached with the big banks that you have reported

We also need to again raise with you the deal that HMRC reached with the big banks, that was negotiated at a time when we understand that you yourself were working for HMRC in a senior role.

There has not been any remotely adequate explanation of this deal and indeed, the line used by the Treasury and HMRC "do not recognise these claims" are a cynical attempt to deny that that this deal happened, as you yourself have made clear that it did. We have made clear our feelings to Treasury Ministers on this, which we have described as a cover up. The only way that this matter can be cleared up is for an honest and factual statement on what the reality of the deal was. We hope that in the interests of restoring some trust, that you will assist with this.

We note that you are now stating that you have been misquoted on this point. This has now become the agreed line from Ministers in parliamentary questions and letters, which on their part has become the latest attempt to pretend that the deal did not happen, when you have been clear that it did. However, we are very troubled by this, because your own words are clear and unequivocal.

We have quoted exactly from your own words in your own article that you wrote. The key section is in your article in Accountancy Daily Croner-i entitled, 'A Bird in the Hand' where you state:

> "The 2005 settlement opportunity was offered to banks that had used complex EBT and restricted securities tax schemes and defended by HMRC as having recovered all the tax and NIC due from these schemes…**Settlements of 10% or 15% of what would otherwise have been payable, assuming that PAYE, NIC and IHT was due, were not uncommon".**

It is therefore your own exact words stating (it seems clearly and unequivocally) that multibillion pound banks were offered "Settlements of 10% or 15% of what would otherwise have been payable".

We also note that where you say you have been misquoted, you specifically say that you did not say that any bank was *offered* a deal of 10 to 15%. This is completely missing the point and, we fear, is part of the current concerted attempt on the part of the Treasury and HMRC to deny that this deal ever happened. Surely as someone who wishes to be seen as independent of Government, you don't want to be seen to part of this and therefore, it is time now to establish if your own words are indeed the case.

So regardless of what may or may not have been "offered", what we have been trying to get a straight answer on for nearly a year is did the big banks, as you yourself described in your article "settle for 10% or 15% of what would otherwise have been payable".

We therefore need you to answer:

Question 8: The date you gave in your I-Croner article for the deal between the big banks and HMRC is 2005, as you state "*The 2005 settlement opportunity was offered to banks".* Can you confirm whether or not you were still working for HMRC in 2005?

Question 9: Your exact words regarding the deal HMRC struck with big banks was that they settled for "10% or 15% of what would otherwise have been payable". Was this or was this not the case?

Question 10: If you are now contradicting what you wrote in the article and are now stating that the big did NOT settle for "10% or 15% of what would otherwise have been payable" then within what percentage range of what otherwise would have been payable did they actually settle ?

5. The Independence of the review/you as a reviewer

Clearly there are different positions on what would constitute genuine independent on this issue and whether or not you would fulfil the criteria of being a genuinely independent reviewer. The APPG was very clear in our letter dated 19th December 2024 what would constitute an independent review. Clearly your review did not fulfil that. In our view, as you know, the review should not have been conducted by someone who had worked for many years for HMRC (never mind in the same area of work as the Loan Charge).

What we wish to know is what you yourself declared to the Treasury, when you were approached about the possibility of conducting a review, about your own past role and your history of comments on the issue and if you yourself raised any concerns about this regarding James Murray's commitment to commission a "truly independent" review.

We also have expressed concern that your long history of working for HMRC and the Inland Revenue was omitted from the Treasury's description of you in subsequent answers to Parliamentary Questions. To omit the fact that you worked for HMRC and the Inland Revenue for 31 years and worked in the same area of work as the Loan Charge is unacceptable on the part of the Treasury. Instead, you were constantly referred to as a 'Past President of the CIOT' [The Chartered Institute of Taxation] a role that we understand you held for just one year, compared to the 31 years working for HMRC and the revenue, the Government body responsible for devising and implementing the Loan Charge .

It is the kind of thing that increases mistrust, when you yourself have readily acknowledge that mistrust between contractors and HMRC/Government has been and continues to be is a real issue and problem. We hope you agree that this (clearly deliberate) omission was wrong and something that the Government should not have done.

We would therefore like answers to the following questions on this:

Question 11: Prior to your appointment, did you discuss the apparent conflict of interest of your history of working for HMRC, including working in the area of countering 'disguised remuneration' schemes (and what became counter avoidance)?

Question 12: Do you not understand that, especially with the huge mistrust of HMRC, that your long history of working for HMRC, in the area of work related to 'disguised remuneration' schemes and the fact you were at HMRC when the banks were offered the deal, all mean that you are not regarded as "genuinely independent" by many?

Question 13: Did you work directly with any HMRC officials who were later involved in the conception, design and implementation of the Loan Charge and if so, did you declare this?

Question 14: Were you not concerned, once you saw the Government publishing your name and experience, that your 31 year history of working for HMRC was omitted and only your one year as a past president of the CIOT was referred to?

(a) If so, did you raise this with Ministers?
(b) If not, why not?
(c) Do you agree that it was wrong to only describe you as a Past President of the CIOT, a role you held for one year, whilst failing to mention your 31 years working for HMRC?

We hope you will understand that these points and questions are important ones – and vital to proper accountability of the review, commissioned by Government, that you undertook. We hope that you will therefore answer these and that from then on, we can hold the Government to account on its commitment to resolve cases.

We of course hope that the implementation of the review will end the nightmare for as many people as possible, but we do also remain concerned that, for some of the reasons above, it will not do so for many with higher liabilities (as well, of course, as excluding all those facing HMRC demands for years before and after the Loan Charge period).

We look forward to hearing from you.

Yours sincerely,

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