



HOUSE OF COMMONS
LONDON SW1A 0AA

The Rt Hon Theresa May MP
Prime Minister
Prime Minister's Office
10 Downing Street
London
SW1A 2AA

13 March 2019

Dear Prime Minister,

I am writing to you to express my disappointment with the response that I have received from Her Majesty's Treasury in response to a question I asked during Prime Minister's Questions on Wednesday 6th March 2019 regarding the 2019 Loan Charge.

My question talked about the harrowing testimony that the Loan Charge APPG had heard from family members of a man who tragically committed suicide because of the 20-year retrospective loan charge facing thousands of families in my constituency and across the UK.

I asked my question because Her Majesty's Treasury has not willingly engaged with the Loan Charge APPG and have not previously provided satisfactory responses for my constituents affected by this devastating legislation.

On 9 January the Prime Minister said that the Government accepted the review into the loan charge, yet the all-party group on the loan charge was only advised this week by the Treasury that there is no such review. The Treasury has acted in bad faith after promising a review which has not yet taken place.

This is why I asked you as Prime Minister to personally intervene to ensure a genuine review was carried out as promised and an urgent delay of the loan charge could be put in place.

The response I received from the Financial Secretary to the Treasury was incredibly disappointing. The response not only fails to address the points that I have made, but it does not even acknowledge the harrowing suicide case that I raised in the chamber last week. This is sadly not the only suicide which has been connected to the 2019 Loan Charge which has left many families devastated.

When a Member of Parliament raises a case where a person has committed suicide these concerns should not be simply dismissed. Unfortunately, the response I received from the Financial Secretary to the Treasury did just that.

People across the UK have faced bills for back taxes, in some cases for hundreds of thousands of pounds, after being encouraged by employers and financial advisors to set themselves up as private limited companies and get off the company books.

Many of my constituents are being pursued for huge bills despite being told that they were doing nothing wrong when entering into these schemes. Employers, accountants and financial advisors all said that what they were advising was above board.

Freedom of Information requests have exposed that the original impact assessment did not predict the number of bankruptcies or the effect on those families affected by the Loan Charge. Regardless of claims that HMRC will agree Time To Pay to help people, the reality is that the sums involved in disputed retrospective tax going back to 1999 are simply too large to be affordable, even over a longer period than the five years offered.

The reality is that if the policy continues unamended, there will be many bankruptcies, at a significant cost to the taxpayer. Some individuals affected will be unable to work again, following a bankruptcy, and quite a number that we are aware of are already retired. The human impact, which is becoming increasingly apparent, will be serious.

HMRC have the discretion, by law, to not collect tax deemed due under the Loan Charge. It would be just and correct for the Treasury to direct that they exercise this discretion, pending a proper review. Doing so would allow for that proper review to take place and avoid the personal catastrophes that will otherwise befall many people and their families, including some of our constituents.

This retrospective charge is profoundly unfair and brings into question the rule of law. My parliamentary colleagues and I on the Loan Charge APPG have called for a genuine review and a delay on the April deadline for payments to be made.

I am requesting that as Prime Minister you intervene on this issue that is of great importance to many of my constituents and people across the United Kingdom.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Ross', with a long, sweeping underline that extends to the right.

Ross Thomson MP