



All-Party Parliamentary Loan Charge & Taxpayer Fairness Group

www.loanchargeappg.co.uk

Meeting of the Loan Charge and Taxpayer Fairness APPG

Tuesday 29th March 2022, 2:30-4:00pm

Room C, 1 Parliament Street, Westminster, London. SW1A 2BQ

Minutes

In attendance:

Parliamentarians

Mohammed Yasin MP (Chair), Rebecca Long Bailey MP, Sarah Green MP, Sarah Olney MP, Greg Smith MP, Chris Stephens MP, Rt. Hon Sir Desmond Swayne, Rt. Hon Sammy Wilson MP

MP's Staff

William Hickey MP (Office of Rt. Hon Nigel Evans MP),

Other Attendees

Aidan Loy (Contractors for Justice), Steve Packham (Loan Charge Action Group), Michael Sherry MA (Oxon) FCA FTII TEP (Temple Tax Chambers), Rhys Thomas (WTT Group of Companies), Greg Mulholland (APPG Secretariat), Richard Clancey (APPG Secretariat)

1. Apologies

Apologies received from:

Rt Hon Nigel Evans MP, Sir Graham Brady MP, John Nicolson MP, Tim Farron MP, Neil Coyle MP

2. APPG activity update

- Call for evidence
The Loan Charge and Taxpayer Fairness APPG launched a call for evidence on 14-Mar-22, to establish the reality of the situation for all those impacted by the Loan Charge, whether they face the Loan Charge now or have settled with HMRC to avoid it. To date about 260 responses had been received of which about 70% are from people who have not agreed an HMRC settlement.
- LCAG helpline call volumes
LCAG ran a volunteer helpline to provide support for those affected by the Loan Charge. This closed in Sep 21 as it no longer had a volunteer team that could cope with the demand for this service. The APPG sent a letter to the Chancellor in Nov 21 requesting the Government fund and provide a replacement service. The Financial Secretary to the Treasury subsequently reached out to the APPG asking whether it was able to find out from LCAG to the volume of helpline calls and this information was sent on 7-Feb-22.

Co-Chairs: Sammy Wilson MP, Greg Smith MP, Mohammad Yasin MP

Vice-Chairs: Baroness Kramer, Dr Lisa Cameron MP, Gerald Jones MP, Sarah Olney MP, Rushanara Ali MP

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3. APPG Correspondence

The APPG has recently sent the following correspondence:

Letters to HMRC

- **19-Jan on HMRC sending letters to people just before or over Christmas and New Year.** *The APPG were sent evidence of HMRC sending letters and making phone calls to people facing the Loan Charge just before and over the 2021/22 Christmas/festive period.*
 - **Reply received 27-Jan-:** *HMRC said it was a normal working period and not cost effective to stop issuing correspondence, which is disappointing.*
- **24-Jan on HMRC contradictory statements on whether they only use contractors from FCSA (Freelancers and Contractors Services Association) approved firms.** *The APPG wrote to HMRC asking which statement was true and asking them to answer another nine questions around their use of service contractors.*
 - **Reply received 4-Feb:** *HMRC don't have a policy of only using FCSA approved contractors (as the FOI had stated) but instead that AMS, who have the contract with Government to supply temporary workers, only use FCSA accredited companies.*
- **08-Feb on HMRC contradictory statements on the existence of their Serial Avoiders Unit.** *HMRC publicly stated that they've disbanded their "Serial Avoiders Unit" yet the APPG were sent evidence of a recent letter sent by the Serial Avoiders Unit to a Loan Charge victim. The APPG wrote to HMRC questioning this contradiction.*
 - **Reply received 14-Feb-:** *Serial Avoiders Unit disbanded in 2019. Apology from HMRC – outdated letterheads and wording should not have been used.*
- **21-Feb with key Loan Charge questions that remain unanswered.** *The APPG wrote to HMRC expressing concern that it seemed impossible to get straight answers to letters and questions about the Loan Charge. The letter contained twelve simple factual questions and requested simple factual answers.*
 - *No response has been received.*

Letters to the FCSA

- **24-Jan: on the confusion regarding HMRC's contradictory statements on FCSA accredited firms.** *This letter was sent to notify them that HMRC had made conflicting statements about them and to ask them what assurances they can give that FCSA members are doing all they can to mitigate cyber-attacks.*
 - **Reply received 26-Jan** *saying they had no knowledge of HMRC's policy of only using FCSA accredited members and that they are investigating what steps should be taken to counter cyber-attacks.*
- **08-Mar: On the Pimlico Plumbers ruling and Umbrella Company Cyber-attacks.** *The APPG wrote with nine questions related to two topical items : 1) The court of appeal ruled that a worker who was employed on a contract basis at Pimlico plumbers was entitled to receive backdated holiday pay. 2) Further cyber-attacks resulting in leaks of confidential data and delays to payments.*
 - **FCSA replied on 09-Mar** *with an acknowledgement and their intention to address all questions by the end of March.*

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Letters Received (not including replies above)

- 28-Feb: The APPG received a reply from Lucy Frazer, Financial Secretary to the Treasury, in response to 10 Key question letters sent 3-Dec-21. *The response was very disappointing with several of the questions not answered at all. A further response is being drafted.*
- 15-Mar: Professional Passport wrote to the APPG, wishing to also reply to points put to the FCSA in the letter sent 8-Mar-22. Professional Passport offer an industry accreditation (like FCSA) and wrote to the APPG to explain what they are doing to address the concerns that the APPG had raised.

Pending

- *There are contractor remuneration schemes openly advertised that promise what appear to be unrealistic returns. A letter with a list of ones the APPG have been informed of has been drafted and is currently with Co-Chairs for review and approval.*

4. Main business/guest speakers – Agency Regulations

The purpose of the meeting was to hear from experts and for MPs to understand the significance of the "agency provisions" in Section 44 of the Income Tax (Earnings and Pensions) Act 2003 (ITEPA 2003). HMRC failed to collect PAYE from agencies and payment intermediaries when they should have done which would've avoided the need for the Loan Charge and would've enabled the revenue to collect considerably more tax.

Guest speakers were:

- Michael Sherry MA (Oxon) FCA FTII TEP – Barrister, Temple Tax Chambers.
- Aidan Loy – Solicitor, Contractors for Justice
- Rhys Thomas – Managing Director, WTT Group of Companies
- Steve Packham – Senior Consultant, First Derivative and former contractor

The main themes of their presentations were:

- HMRC's failure to operate and police Section 44 of the Income Tax (Earnings and Pensions) Act 2003 (ITEPA 2003) is the underlying cause of many current and historic off-payroll tax issues
- HMRC and the Treasury have given no explanation for this even when under questioning.
- HMRC have expended maximum effort on persecuting users of these schemes who were in receipt of paid advice from trusted professional advisers.
- HMRC have not appeared to have made any tangible or substantiated attempts to make advisers and/or facilitators in recruitment Agencies & Umbrella companies accountable.
- HMRC have refused to address these issues – even when questioned about this at the Public Accounts Committee.
- The situation has become worse as a direct consequence of the implementation of off-payroll rules in late 2019. This caused many end user Clients to instruct Agencies to force workers into Umbrella Companies.

Actual examples were presented and the benefits and disadvantages to those in the supply chain explained.

Questions/discussion

5. Next meeting – TBA

6. AOB

None

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