

April 5th 2019 is Tax Armageddon Are You Affected?

Freelance Workers: Mis-Sold Employment Arrangements, Now to be Bankrupted by HM Govt in 2019

"Sitting Target" Workers in Crosshairs While Corporates & Scheme Operators Get Off Scot-Free

20 Years of Govt Inaction mean they need
- A Scapegoat. That's **You**, the worker
- A Cover-up. That's the **2019 Tax Charge**

Longstanding Taxpayer Protections Torn Up in Vindictive Cash Grab

HM Govt Want To Scorch The Earth and Leave No Witnesses. Don't Let Them Get Away With It!

Really?

This is for real. If you were mis-sold an Employment arrangement involving remuneration through "loans", or you know or represent those who have, HM Govt have a nasty surprise for you next April in the shape of the 2019 Loan Charge.

Everyone who has ever been employed through such a structure **will be hit with a retrospective charge in the 2018/2019 tax year**. Below are the kinds of sums people will have to find in *a single payment* in 2019.

Never been contacted by the Tax Office? Scheme Use a Distant Memory? Doesn't matter. **You are legally obliged to declare these "loans"**. If you don't then you will liable for penalties and HM Govt will not stop looking for you.

On The Hook

If you have used a remuneration scheme in the past, expect these kinds of sums to be demanded of you in April 2019

Years in Scheme	Salary £30,000	Salary £50,000	Salary £70,000
5 Years	£42,324	£92,899	£140,899
10 Years	£84,199	£182,199	£277,199
15 Years	£126,499	£271,499	£413,499
20 Years	£168,799	£360,799	£549,799

* Exposures can vary dependent upon a number of factors. For information on how to calculate an accurate figure please contact us and we will provide you with a spreadsheet. This is entirely free.

As you can see, these amounts are likely to destroy the lives of people and their families.
But most of the 100,000 people affected are unaware that this is coming.

Why Are We Writing?

To raise awareness of a little-known piece of **retrospective legislation** that seeks to historically tax a significant proportion of UK freelance workers for employment arrangements they used over the last twenty years. This is **estimated to affect around 100,000 workers across all sectors.**

How Did We Get Here?

We have to go way back to 1999 when Government introduced legislation called IR35 which sought to class many freelancers as employees. In the Government's view, being a contractor was no more than a means for the employer to avoid paying NICs.

As it turned out though, **IR35 was complicated and vague.** A new grey area opened up and opportunists saw their chance. A thriving ecosystem of **employment umbrellas** promised employees safety from IR35's vagaries, **claiming to be approved by UK Tax Authorities, Queen's Counsel and the top accountancy firms in the country.**

In a fear-stoked climate, legitimate freelancers sought advice from the legal, accountancy and tax professions. All too often, **advisers were more than happy to send their clients down this new Umbrella route.** Freelancers signed up in droves with all those assurances ringing in their ears.

Where Are We Now?

The Government now demands, in the form of the 2019 Charge, sums from freelance workers which are completely out of kilter with what happened. It is unsurprising as it was predictable that **we see freelancers pushed into family breakdown and depression. Sadly, in some cases, leading to suicide.** Can you imagine what awaits the vast majority of those impacted who are still completely unaware of this retrospective legislation? This is why we write now. Ignorance is not our friend.

So What is the Government's Argument?

The government now claim that these arrangements 'did not work'. Yes they were within the law, they say, but not in a way that was in tune with 'what Parliament intended'. So much for assurances given by umbrellas to freelancers over the last 20 years!

Year after year (sometimes up to 20), tax returns were completed, dues paid and arrangements fully disclosed to UK Tax Authorities. In many cases, the most you got back from HMRC was a tax rebate! Why did HMRC not challenge tax returns?

Well they didn't. Instead, they allowed thousands to accrue a tax debt that was yet to be invented.

Years of government failure to take these schemes to court meant they needed a quick fix. So HMRC requested the Government implement a new retrospective charge. A charge which taxes all amounts received as far back as 1999.

Those who've had no HMRC communication in 20 years will suddenly receive a hammer blow of life-changing retro taxation in April 2019.

They Can't ... Can They?

That's what many people have said. But they just did. In March 2011, the Government first published a policy saying that only in exceptional circumstances could tax law changes apply retrospectively.

Exceptional is patently not the term to use for arrangements used in plain sight by many thousands of people under the Government's watchful eye for 20 years.

In bringing in this new tax law, it is possible that the Government will fall foul of European Human Rights laws which rule against such backward-looking confiscation. **HMRC is complicit in all this by knowingly letting the misselling of these umbrella schemes continue for over a decade - also reflecting very badly on the UK government's duty of care.**

In fact, the way that the Government are dealing with this now seems to ignore the current law.

What is happening now?

Even **today these arrangements are easily found, and websites are still marketing very similar schemes while the government does nothing to stop them.** Many younger freelance workers in sectors crucial to our economy are being encouraged to join these schemes. Destined no doubt be the next snared generation. These include financial services employees, public sector health and social workers, Oil and gas Industry employees, and those on zero-hours contracts.

Local councils, government departments, and even HMRC themselves were hiring contractors via these schemes to help balance their books in the era of 'austerity' by circumventing National Insurance liabilities.

The BBC have been a recent high profile case. In some instances, we have seen local councils and NHS trusts actively recommending that such schemes be used.

Unsurprisingly, the 'professionals' who promoted the schemes have usually long disappeared whilst it is the individual, trying to earn a living, who has been left to pick up the pieces.

These arrangements were and are legal. The highest court in the land confirmed this recently, establishing that Rangers FC as an employer, rather than its employees (the footballers) bore responsibility to pay any tax shortfall in these arrangements.

The Supreme Court made it clear: The government have no legal right to pursue workers for unpaid tax. But an easy, sitting target is hard to give up. So they continue to claim it is the individual's responsibility despite having no judicial, legislative or practical support for this.

And if you think the government is open to fair, equitable settlement with affected taxpayers, think again.

A number of people have previously written to the Treasury about this issue, appealing to HMRC to settle cases. HMRC have been unable to enter into an open discussion because they are aware that their total mismanagement and negligence of the situation for the past 15 years **will be exposed and will be very damaging for the government as it's the next PPI crisis.**

Their current approach will mean that thousands go bankrupt meaning no-one wins, the government collects nothing while lives and often livelihoods are destroyed.

What needs to happen?

If nothing changes, **thousands of people will be made bankrupt**, families will be destroyed, and innocent people will have their lives ruined.

It is essential that awareness of this issue be raised throughout professional bodies, and not just within the freelancer community.

Clearly, if the government and HMRC get away with implementing retrospective legislation under the guise of recovering 'suspected' tax avoidance, **it sets a precedent**. Where will it end? This is no less than a threat to the UK constitution and the application of law for everyone who resides or has dealings here. Retrospective law is not considered acceptable in most countries in the world including Iran.

Having absorbed this briefing, we urge you to canvass your membership to confirm the potential participation in such structures. Where a significant number of people are affected, it's essential to raise the profile of this issue as much and as fast as possible. At a minimum, to coordinate action with your members' MPs and the Press.

We trust we have helped you appreciate the seriousness of the situation. Please feel free to contact us for further information and we will work with you and other affected bodies to ensure that a coordinated approach is taken to addressing the issue on behalf of your members.

Doing nothing will mean that your members remain unprotected from this unjustified charge.

We urge you to take action now.

This briefing document has been compiled by a number of ordinary people who are affected by the 2019 Loan Charge. Its purpose is purely to inform. **We do not provide any form of chargeable service or professional advice. We are not tax advisors or qualified accountants.**

If you believe you may be affected by the tax changes highlighted in this document, **we strongly suggest you seek advice from a tax expert or accountant**. Time is running out and this issue cannot be ignored.

If you would like to contact us to discuss any aspect of this you can do so by writing to us at the following email address :

contact@hmrcloancharge.info
www.hmrcloancharge.info

Useful links

Know the rules : <https://goo.gl/3eFqv7> or
https://www.contractorcalculator.co.uk/nurses_agencies_umbrella_loan_schemes_538610_news.aspx

IR35 Latest : <https://goo.gl/pHfW1X> or
<http://www.itcontractor.com/contractors-ir35-hmrc-worst-nightmare-becomes-reality-armageddon/>

ICAEW Comment : <https://goo.gl/nbKknp> or
<https://ion.icaew.com/taxfaculty/b/weblog/posts/proposals-for-existing-disguised-remuneration-loans-disproportionate>

<https://goo.gl/ob4mDy> or
<https://ion.icaew.com/taxfaculty/b/weblog/posts/disguised-remuneration-proposals>

