



Sir Keir Starmer  
Leader of the Labour Party  
House of Commons  
London  
SW1A 0AA

13<sup>th</sup> August 2021

Dear Sir Keir,

**Your offer to work with loan charge campaigners**

We are very pleased that you have made a clear statement expressing concerns about the Loan Charge and the impact it has, and continues to have, on many thousands of people and their families. We also warmly welcome your pledge to instruct Shadow Treasury Ministers to work with loan charge campaigners “to prevent anything like this happening again.”

You may recall that we wrote to you on 21<sup>st</sup> March, following an appearance on the Nick Ferrari show, where you committed (to an LCAG member, Gareth) to look at the Loan Charge again. We are pleased that, following this and the correspondence from tax barrister Keith Gordon, who is a constituent of yours, you have now expressed your concern.

We welcome what you stated in your letter to Keith Gordon, which has been [reported in the Yorkshire Post](#):

"We recognise concerns about the impact of the loan charge on people's livelihoods. Many people face substantial payments for schemes they were often inadvertently forced into by employers or poorly advised by accountants.

"The impact in far too many cases has been extremely serious, in some cases leading to distressing financial and personal harm.

"We believe HMRC has urgent questions to answer about the handling of this issue and to ensure enforcement is fair and proportionate”.

We also note that, with regards to Government proposals to take more action against promoters of tax avoidance schemes, you have stated:

"I've instructed my Shadow Treasury Ministers to scrutinise this legislation closely and improve it, with the help of loan charge campaigners, to prevent anything like this happening again."

We wish to take up that offer and are therefore reaching out to you to enable this to happen.

We do not think that the current weak and vague proposals will “stop anything like this happening again”. We believe that the best and only realistic way of doing this is to make agencies and/or scheme operators liable for any tax deemed to have been avoided.

In addition to looking at how to prevent another Loan Charge scandal, we hope that you will also work with the Loan Charge & Taxpayer Fairness APPG to address the profound injustice of the Loan Charge scandal itself and back their calls for a fair resolution to the matter that avoids the many bankruptcies and the serious - and very real - risk of further suicides if there is no further change to the Loan Charge.

People facing the Loan Charge are victims of mis-selling. People were told, in writing, by professional advisers and by the promoters of these arrangements that these schemes were tax law compliant and QC approved. Some people even asked HMRC about them and HMRC did not tell them not to use them at the time, despite their claims that they “were always clear” that they did not work. HMRC are simply not being honest about their own records or about the provenance of the Loan Charge.

At the same time ordinary people have been driven to suicide, having been hit with huge (and legally unproven) tax demands, whereas those who promoted and operated schemes and those who advised people to use them have faced no action at all. Nor have these promoters or scheme operators been asked to pay a penny, despite making huge amounts of money in fees from those who were advised to use the schemes.

As well as retrospectively issuing tax demands where HMRC could not otherwise legally do so, the Loan Charge also ignores existing agency legislation which is clear that tax deemed to have been avoided should be collected from agencies in the first instance, rather than going directly after taxpayers as HMRC have done.

We therefore must challenge one comment made in your letter where you state:

“As you will be aware, we have not opposed the Government's substantive changes to the loan charge as they are clamping down on tax avoidance schemes.

Firstly, this doesn't actually make sense. The substantive changes to the Loan Charge were made as a consequence of recommendations made in the Morse Review and reduced the retrospective nature of the Loan Charge from 1999 to December 2010, rather than the changes being about “clamping down on tax avoidance schemes” as your letter suggests.

Secondly, the Loan Charge does not, as you suggest, “clamp down on tax avoidance schemes” at all. In fact, the Loan Charge has been a spectacular failure in stopping the promotion and operation of schemes. The Loan Charge doesn't tax scheme promoters and operators at all - it simply targets individuals who used these arrangements in good faith, having been mis-sold and/or advised to do so by professional advisers.

The biggest irony is that the Loan Charge not only has **not** stopped the schemes you refer to, but that it doesn't actually apply to schemes being promoted and entered into from April 2019 onwards. Therefore, in addition to unfairly targeting those who were mis-sold the schemes and causing bankruptcies and suicides *it does nothing to tackle the ongoing operation of schemes and those who promote them*. It has been a profound policy failure by this Conservative Government and we hope, following your letter, to finally see the Official Opposition properly raising this in parliament.

You may also be aware that there are promoters of these schemes with links to the Conservative Party.

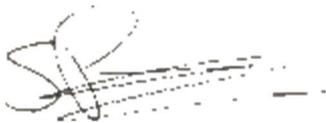
We urge you and your frontbench to raise these issues in Parliament rather than in any way support a policy that undermines the rule of law and targets ordinary people, pushing them to bankruptcy and suicide, whilst hugely rich promoters and scheme operators face no action whatsoever.

We therefore look forward to the opportunity of taking you up on your offer and assisting your Shadow Ministers in both highlighting the injustice of the Loan Charge Scandal and also pushing for action to genuinely clamp down on the mis-selling of schemes.

We have copied in the Labour Officers of the APPG, as well as Keith Gordon, who we know is also very happy to assist the Labour frontbench in order that this can be facilitated.

We look forward to hearing from you.

Yours sincerely



Steve Packham  
Spokesman & Executive Director



Andrew Earnshaw  
Executive Director

*On behalf of the Loan Charge Action Group*

cc Keith Gordon  
Mohammad Yasin MP, Co-Chair of the Loan Charge and Taxpayers Fairness APPG  
Gerald Jones MP, Vice-Chair of the Loan Charge and Taxpayers Fairness APPG  
Rushanara Ali MP, Vice-Chair of the Loan Charge and Taxpayers Fairness APPG  
Fleur Anderson MP, Officer of the Loan Charge and Taxpayers Fairness APPG  
Alex Sobel MP, Officer of the Loan Charge and Taxpayers Fairness APPG