



Lucy Frazer QC MP
Financial Secretary to the Treasury
HM Treasury
1 Horse Guards Road
London
SW1A 2HQ

24th May 2022

Dear Lucy,

Request to meet with you on behalf of victims of the Loan Charge

On behalf of the many thousands of victims of the Government's Loan Charge, we are writing to ask you to meet with us, to discuss how the Government intend to avoid the otherwise inevitable bankruptcies, breakdowns and alas, more suicides if nothing changes.

In December 2021 we wrote to you and offered to engage directly with the Treasury. Yet instead, you have simply passed the issue on to HMRC, who have written to us requesting a meeting "to discuss the support HMRC has in place for taxpayers". This will do nothing to resolve the situation faced by many families, nor stop the devastating consequences of continuing with the Loan Charge as it is.

The thousands of people affected by the Loan Charge know the stark reality of how HMRC treat people in this situation. Far from "supporting" them, they are hounding them to the point of breakdown and bankruptcy. The so-called 'support' that you are suggesting we discuss with them has not stopped eight people taking their own lives, nor halted many others being treated for stress, anxiety and mental breakdowns.

We also know that engagement with HMRC is pointless. Representatives of LCAG met with HMRC in 2018. We had hoped that this might lead to some genuine engagement and that HMRC might actually listen, look at evidence and understand the reality – that people cannot pay the sums being demanded and that there would be bankruptcies, breakdowns and (further) suicides. Alas, there was no such engagement from HMRC who simply ignored (and continue to ignore) the reality and the risk of serious harm and suicide.

The Loan Charge is a law passed by the Treasury so the Treasury are ultimately responsible for it - and for the devastating consequences it has had and will have. You are the responsible Minister and whilst we know that HMRC came up with the idea of the Loan Charge and (mis) sold it to Ministers, Ministers are responsible for the Loan Charge and also can change it

The people whose lives are being destroyed by the Loan Charge are the same ones who have been so adversely impacted by the lack of Covid support, such as those working through limited companies and those now affected by the (deeply flawed) IR35 Off-Payroll rules, and that since then they have seen many contracting jobs lost overseas and others simply scrapped altogether. Now, those affected are being hit even harder by the rise in National Insurance and the current cost of living crisis. Many have suffered a serious loss of income as a result of these combined events, and yet these are the same people targeted and persecuted with the Loan Charge. People

simply cannot pay what is being demanded of them and many are considering bankruptcy (or worse, suicide) as they just see no other way out of the situation.

It will also assist your understanding as to why a meeting is necessary when you read the attached [letter sent to Lord Morse on the 21st October 2021](#). This clearly lays out the reality, with evidence not known by (and, in some cases, withheld from) (then) Sir Morse at the time, and why the conclusions of his review are unsound and no longer justifiable.

Another review is clearly needed, with all the evidence being made available to it and this time without interference from HMRC, as happened with the Morse Review, as has been clearly exposed through Freedom of Information responses. To date and most disappointingly, we have received neither a response, nor even the courtesy of an acknowledgement from Lord Morse. Despite now being a Parliamentarian himself and being supplied with indisputable evidence that shows he was not given all the necessary facts at the time, he seems to want nothing more to do with this controversial issue.

It therefore falls to you, as the responsible Minister, to properly look at the whole Loan Charge scandal again and to seek a resolution that avoids the serious consequences of doing nothing.

It is deeply disappointing that you have also ignored the proposal for a resolution put forward by tax sector professionals, who can also see the dire consequences if this unfair policy is not amended. This was a direct approach to you personally from a group of senior professionals - including fellow QCs, yet you failed to reply, instead asking Jim Harra to respond. The letter was very clearly addressed to you and we urge you to show some leadership by agreeing to engage with these professionals, and to take responsibility for the Loan Charge yourself.

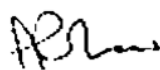
Alternatively, you can continue to ignore the reality and continue to defer to HMRC, but you cannot say you have not been informed what will happen if the Government refuses to listen and change course. We therefore ask you to meet with us, with members of the Loan Charge and Taxpayer Fairness APPG and with the tax sector professionals who wrote to you, and also the Low Incomes Tax Reform Group and the CIOT.

We hope you will agree now to do this, to avoid the inevitable tragic consequences of doing nothing.

Yours sincerely,



Steve Packham
Spokesman & Executive Director



Andrew Earnshaw
Executive Director

cc The Loan Charge and Taxpayer Fairness APPG
Sarah Gabbai & tax professionals (signatories to the proposed resolution)
CIOT / Low Incomes Tax Reform Group