Dan Tomlinson MP
Exchequer Secretary to the Treasury
HM Treasury
1 Horse Guards Road
London
SW1A 2HQ

1st December 2025

Dear Dan,

Loan Charge Review

We are writing in response to the 2025 Loan Charge Review (the McCann Review) and the Government's subsequent response and settlement opportunity.

We welcome the fact that an independent review has finally examined the impact of the Loan Charge. However, having studied the Review, the Government response and the policy paper, we are deeply concerned that:

1. Whole categories of taxpayers are left in untenable positions; and
2. The Government has not confronted the practical reality of what HMRC can actually collect, over what timescale, and at what cost.

This is a restricted-circulation letter. We want to avoid alarming victims until the details of the Government's proposals — which we have tried to understand as far as possible from the limited information so far provided — are absolutely clear. The implementation by HMRC of the Morse Review recommendations was far more aggressive in practice than it initially appeared, and we are keen to avoid a repeat of that experience. We are concerned that some of the currently published details create a risk of misinterpretation by those affected. We are acutely aware of the impact this will have on victims' mental health, with many experiencing severe stress, anxiety and other serious consequences as a direct result. Ultimately, we also consider that the responsibility for accurate dissemination of information lies with you. This letter seeks to address those areas so that what is communicated publicly is both accurate and complete.

Loan Charge Review 2025 and Disguised Remuneration: Scope, Fairness and Realistic Yield

The Independent Loan Charge Review makes clear that the Loan Charge and the wider loan scheme / disguised remuneration (DR) scandal represent an unprecedented and damaging episode in the UK tax system. Ray McCann describes the 2017 Loan Charge as an extraordinary measure and records that, in terms of design, scale of adverse reaction and harmful effects, its impact has gone well beyond anything previously seen in this area. He notes the severe mental and physical health consequences for many individuals, including suicides, and the wider damage to tens of thousands of family members through relationship breakdowns, employment difficulties and long-term anxiety.

McCann situates the Loan Charge as the latest and harshest phase of a much longer DR story: years of schemes marketed as compliant, many thousands of workers drawn in (including

relatively low-paid public sector staff), HMRC slow to react, and then a belated, exceptionally tough intervention which overrides normal statutory protections and stacks untaxed income into a single year. He concludes that the Loan Charge is unfair and that the settlement terms HMRC offered failed to have regard to the ability of those involved to pay and were markedly less generous than terms offered in other avoidance and even evasion cases.

Although the Review's formal remit is the Loan Charge, its findings and language plainly speak to DR enforcement as a whole: an extraordinary and undoubtedly harsh approach, applied to tens of thousands of workers over decades, with no effective exit strategy and no realistic assessment of ability to pay. It is against this background that we wish to raise further concerns about scope, fairness and the realism of the Government's proposed settlement for DR cases, both within and outside the technical boundaries of the Loan Charge.

1. Scope gaps and unequal treatment

1.1 Pre-2010 "analogous" cases and use of s684

The Review acknowledges that there are still thousands of individuals and employers with pre-2010 DR enquiries, whose situations it describes as "analogous" to Loan Charge cases, but then excludes them from the new settlement on the basis that Morse removed the Loan Charge from these years.

In practice, those taxpayers have had the Loan Charge lifted by Sir Amyas Morse, only to face pursuit for essentially the same underlying liabilities via other statutory powers (including, in practice, s684 ITEPA). That appears to be a highly aggressive and unintended use of legislation that has the effect of bypassing the spirit of Morse's recommendations.

Questions

1. On what principled basis are pre-2010 "analogous" cases denied access to the new settlement terms or equivalent relief, given that the Review itself recognises their similarity to Loan Charge cases?
2. Will you publish a clear explanation of which statutory powers HMRC is now using in pre-2010 DR cases, and why it considers it appropriate to use them to reach a result that Morse plainly sought to prevent?
3. Will the Government commit either to:
   (a) offering pre-2010 DR users terms no less favourable than the new settlement; or
   (b) writing off these liabilities entirely, in line with the logic of Morse?

1.2 Post-2019 DR users and frontline public sector workers

The Government response and policy paper confine the settlement to DR usage between 9 December 2010 and 5 April 2019 where that use is in scope of the Loan Charge. At the same time, the Review records that DR usage has continued or increased since 2019, and that schemes have reached relatively low-paid workers, including NHS and social care staff.

In moral terms, a nurse or locum social worker routed into a DR scheme in 2020 is not in a different position from someone routed into an identical scheme in 2018. Both were mis-sold, often via recruitment agencies, umbrellas and accountants.

Questions

4. Why are post-2019 DR users, many of them locum public sector workers, not being offered settlement terms at least as favourable as those proposed for Loan Charge cases?
5. What specific protections and settlement options will be available to post-2019 DR users who were mis-sold schemes in exactly the same way as those within the Loan Charge period?

1.3 Open DR enquiries within the Loan Charge period but outside Loan Charge legislation – and "missed" cases

The policy paper states that the settlement will apply to "outstanding liabilities arising as a result of the Loan Charge and the related underlying tax liabilities that exist separate to the Loan Charge" but will not apply to other avoidance schemes that are not within scope of the Loan Charge.

This leaves a third group: individuals with open DR enquiries in the 2010–2019 period whose arrangements are substantively identical to Loan Charge schemes and should, in practice, have been caught by the legislation, but who were missed due to HMRC oversight and delays. They are now excluded from the settlement, even though their behaviour and reliance on professional assurances may be indistinguishable from those who are included.

There is also an odd class of "missed" cases: individuals who

- did not disclose in the main return boxes, or
- disclosed only in additional information notes (often on professional advice),

and as a result, never had discovery assessments issued when they probably should have. Some of these people are not technically within the Loan Charge; others are technically within scope but have not been actively pursued. In effect, those who were less visible or were not processed in time may now be treated more favourably than those drawn squarely into the Loan Charge.

At the same time, the Loan Charge legislation remains in force, and unprotected years remain exposed. Even where people agree settlement on some years, they may still face unprotected years being brought into charge later, prolonging uncertainty far beyond what any fair system should tolerate.

Questions

6. For taxpayers with open DR enquiries in the 2010–2019 period who are not technically within the Loan Charge, what settlement route is envisaged, and why are they not given access to equivalent terms on a parity-of-esteem basis?

7. How is it fair that two individuals with identical patterns of DR use in the same years are treated differently solely because one happens to fall just within the Loan Charge drafting and the other just outside it, or because HMRC did not issue discovery notices at the time?

8. Will the Government now legislate to switch off the Loan Charge for remaining unprotected years and prevent new assessments for historic DR usage, so that people can finally achieve closure?

1.4 APNs, FNs, PNs and earlier settlers

The Review briefly notes the use of Accelerated Payment Notices (APNs) and Follower Notices (FNs), but the treatment of APNs, Partner/Payment Notices (PNs/PPNs), and associated penalties and interest under the new settlement is not addressed. Nor is the position of those who have already settled on less favourable terms.

The Government response accepts recommendations to un-stack the Loan Charge (loans taxed in original years rather than all in 2018–19), to suspend late-payment interest, not apply penalties as standard, and not collect IHT through the settlement. Yet many individuals have:

- paid the full Loan Charge calculated under the original "stacked" design;
- entered into Time to Pay (TTP) arrangements based on those higher amounts;
- paid interest, penalties and, in some cases, IHT as part of previous settlements; and
- paid or been pursued under APNs/PNs, with additional penalties and interest layered on top.

Questions

9. Will individuals who have already paid the Loan Charge or entered TTP arrangements have their liabilities recalculated on the new un-stacked basis, and:
   (a) receive refunds where the new calculation is lower; and/or
   (b) have their TTP terms adjusted to reflect the reduced liability?

10. For individuals who have already paid late-payment interest, penalties or IHT as part of earlier DR/Loan Charge settlements, will those amounts now be refunded, given that equivalent charges are being removed for those entering the new settlement?

11. How will APNs, FNs and PNs/PPNs and associated late-payment penalties and interest be treated for individuals entering the new settlement? Will APN/PN penalties and interest be remitted on the same basis as other penalties and late-payment interest and, where the final liability is lower than amounts already demanded, will over-payments be automatically refunded?

2. Size and composition of the liabilities; cost and yield

2.1 The £1.7bn stock and what it really includes

Using Table 1 (on page 19) of the McCann Review, multiplying the number of individuals in each liability band by the mean liability and summing across all bands yields approximately **£1.7bn** of outstanding liabilities across around **32,000** individuals. This matches the Review's own statement.

The Review makes clear that this figure includes late-payment interest, which HMRC estimates adds around 25% to the headline tax. It does not state that the £1.7bn includes penalties or IHT, and the context strongly suggests that penalties and IHT sit on top of this figure, at least in principle.

So even the headline £1.7bn understates the full theoretical exposure facing families once potential penalties and IHT are taken into account – exposures the Review then recommends switching off via the settlement.

2.2 HMRC's own costs

The Review notes that HMRC's annual DR compliance resource cost is of the order of **£41m per year**, of which approximately **£31m per year** relates specifically to Loan Charge compliance.

Set against HMRC's own presentation of DR usage, this split is hard to reconcile. The Review attributes around £31m a year of resource to Loan Charge compliance and only around £10m to other DR work, yet HMRC's own "current users per year" graph shows that post-Loan Charge DR usage is now significantly higher – in some years close to double – the level seen in the period that gave rise to the Loan Charge. If post-2019 DR usage is indeed higher, it is difficult to understand why only around a quarter of DR compliance resource is allocated to it, and whether the published cost figures genuinely reflect where HMRC is deploying staff and effort across the wider DR population.

If HMRC continues to spend around £31m per year on Loan Charge work for the next five years (and it is quite possible this will continue longer, given the anticipated litigation), that is at least **£155m** more in enforcement costs alone, before we add the costs of extended litigation, appeals, and enforcement activities such as bankruptcy and property realisation.

2.3 Yield per payer, early settlers and the limits of recovery

Past statements and media reports suggest that by late 2019, HMRC had already collected around **£2bn** from a relatively small number of early DR/Loan Charge settlers (including corporations), representing a very high yield per head. By contrast, outstanding liabilities are now £1.7bn across 32,000 people, implying an average of around **£54,000 per unresolved individual**.

In other words:

- Early settlers, including companies and higher-value cases, have already delivered a disproportionately large share of the total yield;

- The remaining population is the group least able or willing to pay; and
- HMRC is now spending £31m per year to chase a theoretical remaining stock that is, in many cases, not realistically collectible in full.

Because so many categories of taxpayers are excluded from the settlement – including those in "analogous" pre-2010 cases, post-2019 DR users and 2010–2019 users whose arrangements fall just outside the Loan Charge drafting – any assumption of high recovery from those very circumstances is largely illusory. In practice, the headline stock of liabilities increasingly represents a theoretical figure rather than an amount that can credibly be collected without resorting to mass bankruptcy and prolonged litigation.

It is also important to stress that the number of "cases" is not the number of people affected. Each open case typically represents a household: partners, children and other dependants who share the financial and emotional impact. By deliberately restricting its headline figures and forecasts to Loan Charge cases only, the Government also significantly understates the wider scale of DR usage and the true number of individuals and families affected. The true number of people living with the consequences of the Loan Charge and related DR liabilities is therefore a multiple of the headline case count, yet this is not reflected anywhere in the Government's forecasts or public statements.

Even when it comes to the numbers on DR users, the official documents themselves acknowledge a gap of around **10,000 individuals** whose liabilities are not quantified at all. These people simply fall out of the fiscal picture. Excluding non-Loan Charge DR schemes is therefore not a matter of a few cracks in the wall that can be quietly patched over; it is a gaping void in the wall, both statistically and in policy terms.

The Government response also further clouds, rather than clarifies, the basic question of how many people have been involved in DR schemes at all. The chart on "current users per year" of DR schemes is based on HMRC data that records users per tax year, not unique individuals. HMRC's own fact-check note in Annex B confirms that they have not provided details of repeat users and that adding years together incorrectly assumes no repeat users. This chart therefore cannot be reconciled straightforwardly with the 45,000 Loan Charge population or the 32,000 individuals in "Group 1" with outstanding liabilities, nor can it be used to derive a total number of DR users. At the same time, Table B.1 on page 72 is presented as "Individuals, outstanding liabilities and incomes – … for individuals whose liabilities are unresolved", but HMRC's fact-check immediately before it accepts that this title is wrong and that the data in fact relates to Group 1, which also includes individuals whose DR use has been "resolved" but who still have outstanding liabilities, including some with contract settlements in place. Taken together, these presentational choices mean that neither Parliament nor the public can see a simple, realistic breakdown of DR users: the total number of individuals who have ever used DR schemes, how many of those relate to Loan Charge schemes, and how many fall into other DR categories that are excluded from the settlement.

It is also notably, and on the face of it, unbelievably unlikely that the median income figures reported in Table B.1 are an accurate reflection of the **current** circumstances of those affected.

Given the number of pensioners and near-retirees now involved in Loan Charge and DR cases, as highlighted by LCAG survey data, it is very hard to accept that the median current gross incomes in some liability bands are at the levels suggested. At the very least, this raises serious questions about whether the dataset properly captures the position of retired, semi-retired and under-employed individuals, or whether historic earnings, inferred amounts or incomplete PAYE data have been used in ways that overstate actual present-day incomes. Partner incomes should not be taken into consideration, which may be a possibility here.

Questions

12. Will you publish a breakdown of the £1.7bn by component (tax/NICs, interest, penalties, IHT) and by income band and age band, **and explain in detail how the "current income" figures in Table B.1 have been derived, in particular for pensioners and part-time or under-employed individuals**, so that Parliament can understand the true nature and distribution of the exposure?

13. Will you publish:

- the total amount collected to date from DR/Loan Charge settlements (including APNs and related arrangements);
- the average yield per payer for (a) those who have already settled and (b) those still unresolved; and
- a breakdown by liability band, including for each band the number of individuals, how many have already settled versus remain unresolved, and the median gross income – in particular for the sub-£10,000 and sub-£20,000 liability bands - so that Parliament can understand who has borne the bulk of the cost so far, how realistic the remaining £1.7bn actually is, and why HMRC believes the new settlement will make any material difference for large cohorts with relatively low liabilities and mid-range incomes who appear already to have settled or to have little realistic capacity to pay more.

14. Will you also publish, on an ongoing basis, for each 12-month period: (a) the number of new settlements agreed, and (b) the total and average amounts collected from those settlements, so that Parliament can monitor progress against the forecast yield over time?

3. Settlement design: promoter fee banding and the £70k cap

The Government proposes:

- A banded deduction for promoter/agent fees (10%, 5%, then 0%) based on income; and
- A **£70,000 cap** on the total write-off an individual can receive under the settlement.

Promoter and recruitment agency fees, however, are often calculated as a similar percentage of gross income, regardless of sector or precise income level. A recruitment agency might recruit both NHS workers and IT consultants; the percentage commission is not inherently lower for the higher earner.

The combination of income-banded fee deductions and a hard £70k cap risks creating perverse outcomes:

- Middle-income individuals who used schemes for many years accumulate large liabilities but see their write-offs capped at £70k;
- Very high earners who used schemes for shorter periods can enjoy proportionately more generous treatment; and
- The cap may bear little relation to actual affordability.

Questions

15. Why is the promoter-fee deduction banded by income (10%, 5%, 0%) rather than simply reflecting actual fees charged or a consistent percentage across the board?
16. What is the policy objective of the £70,000 cap? Is it purely a cost-control measure, or is it meant to express a view about fairness?
17. Has the Government modelled how many middle-income, long-term scheme users will hit the £70,000 cap, and what their realistic ability to pay looks like once that cap is applied?

4. Affordability, age, litigation and bankruptcy

4.1 Real-world affordability

Individual circumstances have changed markedly since many of these schemes were used:

- Covid-19 disrupted employment and earnings;
- The cost-of-living crisis has driven up essential expenses;
- Off-payroll reforms in both public and private sectors have severely impacted the contracting market; and
- Some groups face rising unemployment or under-employment.

Many affected individuals are 10–20 years older than when they used the schemes. Survey evidence shows a substantial concentration of cases in the 50–65 age bracket.

Against that background, illustrative calculations (using 2025/26 UK income tax and employee NIC rates for England, Wales and Northern Ireland) show:

- A **£100,000 liability** at **9% interest** on a standard repayment basis:
    - Over **5 years**, requires annual payments of about **£25,700** (around **£2,140 per month**).
    - Over **10 years**, still requires annual payments of about **£15,600** (around **£1,300 per month**).
- For someone with a **gross income of around £37,000** (about **£30,200 net per year** – roughly **£2,500 per month** in 2025/26 terms):
    - A **5-year** repayment of £25,700 a year absorbs **around 85%** of their net income.
    - A **10-year** repayment of £15,600 a year still absorbs **just over half** of their net income.
- For someone with a **gross income of around £51,000** (about **£40,100 net per year** – roughly **£3,340 per month** in 2025/26 terms):
    - A **5-year** repayment absorbs **over 60%** of their net income.
    - A **10-year** repayment still absorbs **around 40%** of their net income.

Recent survey evidence from the Loan Charge Action Group itself reinforces this point. LCAG's age-banded survey data shows that the **60+ age group now accounts for close to 50%** of all respondents. Against that backdrop, it is frankly not credible to assume that these same individuals will, as a cohort, enjoy retirement incomes **anything near £50,000 a year**. Most are contractors and freelancers whose earnings have already been hit by off-payroll reforms, unstable work and, in many cases, periods of ill health or caring responsibilities. Any fiscal forecast that quietly assumes retirement incomes anywhere near £50,000 for this group is therefore detached from reality and materially overstates the true collectability of the remaining liabilities.

It is also unclear whether HMRC's internal affordability modelling is implicitly relying on household income figures that include a non-liable partner's earnings or pension. If so, that would be wholly inappropriate. The legal liability rests with the individual taxpayer, not their spouse or partner, and in many of the cases affected the partner will have their own limited income and needs. Treating a couple's combined income as if it were all available to service one person's historic DR liabilities fundamentally misrepresents what is affordable in practice. Furthermore, those with ongoing pre-2010 DR liabilities are, by definition, the people whose scheme use dates furthest back and who are therefore the most likely already to be retired or on the cusp of retirement. Expecting this cohort to find the capacity for large repayments out of reduced, fixed pension incomes is even less realistic than for younger groups.

Even if we make the very generous assumption that only 60% of net income is needed for basic living costs, that leaves little or no capacity to service such debts without serious hardship. Many people have not been able to pay these sums up to now; they are even less able to do so after years of financial pressure. “Unstacking” the liability does not create income that does not exist.

4.2 Litigation timelines, PAYE credits and ageing

Many individuals have not yet, unbelievably, despite over a decade passing in many cases, received closure notices. To reach a final legal determination:

1. A closure notice must be issued;
2. The case goes to the First-tier Tribunal, with a likely delay of at least a year;
3. There may then be appeals to the Upper Tribunal, Court of Appeal and Supreme Court.

Even if only a subset of schemes is litigated, the core legal questions could take 5–7 years to work through. Different schemes and fact patterns mean HMRC cannot simply “back up” behind one test case; multiple lines of litigation are likely.

Only after that could HMRC realistically begin large-scale enforcement (bankruptcy, charging orders, orders for sale). That process itself typically adds several more years. By then many taxpayers will be in their late 60s or 70s; some will have died. Surviving partners may be left dealing with HMRC claims against the estate.

The Review also appears to treat the position on PAYE credits as largely settled. In reality, litigation over entitlement to PAYE credits in DR cases is very much ongoing, with significant issues still to be determined by the courts. It is therefore premature to present PAYE credit issues as closed. For a material subset of taxpayers, HMRC’s eventual ability to collect anything like the headline liabilities will depend directly on the outcome of that litigation, which may further prolong uncertainty and delay any realistic prospect of final resolution.

We are also concerned by the Review’s referenced reliance on the 2017 Supreme Court decision in *Rangers* (RFC 2012 Plc (in liquidation) v Advocate General for Scotland) as if it were determinative of the outcome of all DR litigation. It is far from clear that *Rangers* will govern the results across the wide range of schemes now in dispute. These cases are inherently fact-sensitive, and the factual matrix in *Rangers* is materially different from that in many DR cases currently under consideration. Treating *Rangers* as a universal answer therefore risks overstating the strength of HMRC’s position and understating the genuine legal uncertainty that remains.

4.3 Bankruptcy, jointly-owned homes, surviving partners and state costs

HMRC and Ministers have repeatedly stated that no one will be made bankrupt solely because of the Loan Charge and that bankruptcy is a last resort. Yet the Review and response do not explain what happens when an affordability assessment shows that a taxpayer cannot clear the liability over 10–15 years, even on tight assumptions.

In practice:

- If HMRC genuinely does not intend to make people bankrupt for Loan Charge debts, it must accept that a substantial subset of liabilities will never be paid in full.
- If HMRC instead resorts to bankruptcy, it must accept the consequence of a wave of bankruptcies, often involving older and vulnerable individuals.

When bankruptcy is used, a trustee may seek to realise the bankrupt's share of equity in a jointly-owned home. Courts can take into account the position of a non-bankrupt spouse (for example, a 70-year-old man living with his disabled wife) and may delay a sale, but ultimately the trustee's duty is to creditors.

On death, unpaid income tax liabilities fall on the estate, with HMRC paid before beneficiaries. Surviving partners may not be personally liable, but they feel the impact through a reduced estate and potential pressure over the family home.

There is also a straightforward fiscal paradox in using bankruptcy as a response to unpayable Loan Charge and DR debts. Individuals who are made bankrupt and lose their homes or businesses are far more likely to become reliant on state support for housing and income, or to draw more heavily on already stretched public services. Every such case therefore creates additional costs for the state which directly offset, and in some instances may exceed, the marginal amounts recovered through aggressive enforcement. In other words, forcing people into bankruptcy does not simply "maximise collection"; it also shifts costs onto other parts of the public sector and reduces the net benefit to the Exchequer.

Questions

17. When HMRC assesses whether a liability can be paid over a 10 to 15 year period, will it systematically take into account the taxpayer's age and proximity to retirement, or will it treat all individuals as if they have an indefinite working life?
18. Where an objective assessment shows that a taxpayer cannot clear the liability within 10 to 15 years, even on very tight living-cost assumptions, what is the policy?

- Will HMRC agree to cap the collectible amount and write off the balance?
- Or will it move more quickly towards bankruptcy and enforcement, accepting that this implies a significant number of bankruptcies?

19. After lengthy litigation (5–7 years) and given the ageing profile of the population, does HMRC expect people in their late 60s or 70s to embark on new 10-year Time to Pay arrangements? If not, what outcome is envisaged?
20. What is HMRC's policy where an individual with outstanding Loan Charge/DR liabilities dies before settlement is agreed or paid? In particular:

- Are such liabilities routinely pursued against the estate?

- In what circumstances will HMRC agree to remit or write off such liabilities on death, especially where the estate is modest and surviving dependants would face hardship?

5. "Divide and conquer" and the limits of the current approach

To date, HMRC's approach has had a strong "divide and conquer" flavour:

- Those with smaller liabilities and some residual savings or equity have often been persuaded or pressured into settling;
- Those with larger liabilities (e.g. over £50,000) have, in many cases, not settled, because it is simply not realistic for them to do so.

McCann's proposed settlement, and the Government's response, are likely to be presented as a moral victory by emphasising that "over 10,000" people in the lowest liability bands will see their positions improved or written off. Removing those cases from the statistics will undoubtedly reduce the apparent scale of the problem. However, this will not change the underlying reality that the largest and most contentious liabilities sit with an older cohort who are least able to pay. Nor will it restore trust. HMRC will be relying on a continuing "divide and conquer" tactic, but the emergence and persistence of organised groups such as LCAG and specialist litigation groups (for example WTT and others) shows that many affected taxpayers are now coordinating, sharing information and fighting their cases collectively. For this remaining population, securing compliance and collection will be an uphill task, and the inevitable result is years of further deferral of collection rather than the clean resolution that Ministers imply.

This approach may reduce headline numbers in the short term, but it does not solve the problem. It just leaves a hardened core of cases that are legally complex, economically uncollectable, and politically toxic, to be fought over for another decade at significant public cost.

6. Transparency of fiscal forecasts and the need for realism

The policy paper presents only the Exchequer impact of the settlement – the change in forecast receipts relative to an unpublished baseline – which implies a net cost of around **£365m** over 2025–26 to 2030–31.

These figures do not show:

- The total stock of liabilities (£1.7bn) in a way that distinguishes between collectible and uncollectible portions;
- The gross receipts HMRC actually expects to collect, year by year;
- The assumed write-offs and non-recovery; or
- The assumed settlement take-up and payment completion rates.

In order for Parliament and independent analysts to move beyond HMRC's own presentation and messaging, a proper assessment also requires access to anonymised individual-level data. At a minimum, this should include, for each affected individual, a unique non-identifying case ID, their current age in 2025, their current gross income, and the allocation of their DR/Loan Charge liabilities across the actual tax years in which they arose. Without such a dataset, it is impossible independently to test HMRC's assumptions about affordability, age profile, cohort behaviour or the realism of the forecast receipts.

Meanwhile, HMRC itself has previously anticipated that "large numbers" would be unable to pay in full and that tens of thousands might not comply with information requirements. Nothing in the Review or response credibly explains why the reality will now be dramatically better.

Questions

21. For each year from 2025–26 to 2030–31, will you publish:

- The total projected receipts from Loan Charge/DR liabilities;
- The assumed write-offs, non-recovery and non-engagement;
- The assumed settlement take-up and payment completion rates?

22. What proportion of the current £1.7bn stock of liabilities does HMRC realistically expect to collect in cash, after allowing for affordability constraints, litigation outcomes, bankruptcies, deaths and uncollectable estates?

23. Will HMRC provide to Parliament and, on appropriate terms, to independent researchers an anonymised individual-level dataset suitable for proper analysis, containing for each affected individual a unique non-identifying case ID, current age (in 2025), current gross income and the pattern of their DR/Loan Charge liabilities by tax year, so that the Review's conclusions and the Government's forecasts can be independently tested?

7. Conclusion

In light of the above, we ask that HM Treasury:

I. Extend equivalent settlement terms or write-offs to:

   a. Pre-2010 "analogous" DR cases;

   b. Post-2019 DR users who were mis-sold schemes in the same way as those within the Loan Charge period; and

   c. DR users within 2010–2019 whose arrangements fall outside the strict drafting of the Loan Charge but are substantively identical, including those "missed" because discovery notices were not issued.

II. Adopt a genuine affordability and collectability framework, under which HMRC:

a. Assesses whether liabilities can realistically be paid within a reasonable period and working life;

b. Caps liabilities where necessary and writes off balances that are plainly uncollectable; and

c. Avoids using bankruptcy and enforcement against homes as a de facto policy for dealing with unpayable debts.

III. Provide full transparency around the fiscal numbers:

a. Total collected to date;

b. The £1.7bn stock, broken down by component, income band and age band;

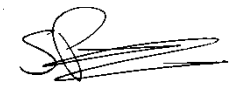
c. Realistic forecasts of what will actually be collected, over what horizon, at what ongoing cost.

IV. Review HMRC's use of s684 ITEPA and other powers in pre-2010 DR cases to ensure that the spirit as well as the letter of the Morse Review is respected and legislate to switch off remaining unprotected Loan Charge years so that people can finally reach closure.

This is not simply an appeal to compassion. It is an appeal to pragmatism. The money that HMRC is projecting simply does not exist in the hands of many of the people it is pursuing. To continue on the present course is to guarantee another decade of conflict, distress and wasted public funds, with little to show for it.

We would be grateful for a detailed response to the specific questions raised in this letter.

Yours sincerely,



Steve Packham
Spokesman & Executive Director

Andrew Earnshaw
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On behalf of the Loan Charge Action Group

cc. The Chief Secretary to the Treasury
The Treasury Select Committee
All APPG Members