

Rt Hon Philip Hammond MP
The Chancellor of the Exchequer
HM Treasury
1 Horse Guards Road
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SW1A 2HQ

29th October 2018

Urgent - False Statement on The Andrew Marr Show

Dear Chancellor,

We are writing to you on behalf of the tens of thousands of hardworking people who are affected by the Treasury's ill-considered, unfair and dangerous Loan Charge.

We wish to express our astonishment that you, as Chancellor of the Exchequer and the minister in charge of the Treasury, made a false statement in your interview with Andrew Marr on "The Andrew Marr Show" yesterday, Sunday 28th of October.

You stated that the schemes that are now subject to the Loan Charge were, "illegal tax avoidance".

This is quite simply, completely wrong. Not only is the term "illegal tax avoidance" a complete contradiction but these schemes were legal and there has never been any legal opinion or evidence provided by HM Treasury or HMRC that they were ever illegal.

There has never been a law enacted that has made these schemes illegal, which is why tax advisers and accountants were able to recommend them and why they were never challenged nor prosecuted at the time by HMRC. This is also, of course, why you decided to introduce the controversial Loan Charge, to enable HMRC to go back to 1999 in order to seek tax on such arrangements, because prior to the Loan Charge – as the Treasury have stated – HMRC had no basis to pursue them and consequently did not do so.

It is not only astonishing but it is absolutely appalling that you have made such a dangerously false claim, for you are implying that somehow law-abiding citizens, that have not broken the law in any way, were acting illegally. In making this false statement you have effectively branded the tens of thousands of people that are subject to the Loan Charge as criminals. That is outrageous and considering that people are already suicidal as a result of the Loan Charge (as you and the Treasury know), it is also grossly irresponsible.

This is not of course, alas, the first time that a member of your team has made this false claim. The Financial Secretary to the Treasury, Mel Stride also made a similar false statement to the House of Commons. We called upon Mr Stride to correct the record and apologise. Not only did he fail to do this but he didn't even have the common decency to reply to our letter, despite the fact that the letter in question was also copied to the two MPs that asked questions about the Loan Charge during Treasury Questions.

For you as Chancellor to repeat Mel Stride's false claim is deeply worrying. When you also consider that HM Treasury failed to undertake a proper impact assessment of the policy, this is shocking. The impact assessment ministers refer to claims that the package of reforms, of which the Loan Charge is a part, "is not expected to have a material impact on family formation, stability or breakdown". This

is demonstrably untrue (we know this from our own members) – many people have experienced severe detrimental impacts on family stability including relationship and marriage breakdown.

As has been reported to HMRC and reported by the press, many people have reported having suicidal thoughts as a direct result of the impact of the Loan Charge. Disturbingly it has recently been reported to us that one person has actually committed suicide as a result of facing the Loan Charge, so for you, as you did on live television, to simply ignore the question about the known suicide risk of your policy, is shameful and utterly irresponsible.

We urge you to do what an increasing number of MPs across all parties – including many Conservatives – are calling for, and revise the policy such that it applies prospectively, not retrospectively, thereby avoiding the devastating consequences of the policy and at the same time clarifying the position and giving certainty to many self-employed people going forward. This is surely something that any Treasury minister and their team would wish to do to avoid the wholly unavoidable ruining of lives, breaking up of families, creation of serious mental health problems and inevitable suicides that would result. If you continue to pursue the current course that misleads, rather than faces up to the known reality of your policy, you and your fellow ministers will be responsible for its inevitable consequences.

So we now publicly challenge you to provide the evidence and legal opinion that justifies your (and Mr Stride's) statement, or withdraw it and apologise to the tens of thousands of people you have falsely accused of criminal activity.

Yours sincerely,

S. Packham

A. Earnshaw

R. Horsley

Steve Packham
- Executive Director

Andrew Earnshaw
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Richard Horsley
- Spokesman

On behalf of the Loan Charge Action Group

cc Andrew Marr, BBC
The Rt Hon the Lord Forsyth of Drumlean, Chairman, Finance Bill Sub-Committee
All MPs who have signed Early Day motion 1239
Iain Dale