



**Media Information 12<sup>th</sup> September 2019**

## **Campaigners welcome Loan Charge Review but repeat calls for independence and suspension**

Loan Charge campaigners welcome the Treasury's announcement of the expected Loan Charge review, and the news that it will be chaired by former Comptroller and Auditor General of the National Audit Office -- Sir Amyas Morse.

However, the Loan Charge Action Group (LCAG), the All Party Parliamentary Group (APPG), professional tax advisors and many MPs are concerned that Loan Charge activity was not suspended. The review could lead to legislation changes, so a complete suspension of all Loan Charge-related activity would clearly be the correct thing to do.

Campaigners state that a full suspension of all Loan Charge activity is needed to allow enough time for the genuine "thoroughgoing review" promised. Such a suspension should include any reporting or payment deadlines, "voluntary" settlement negotiations, penalties and debt collection activities until the review concludes. The timescale for the review is already worryingly short, with the report due to be delivered in mid-November.

The review's Terms of Reference make clear that, unlike the whitewash Treasury report from March 2019, it could recommend legislative changes to the Loan Charge which the Government would then consider. Whilst this is positive, campaigners and the Loan Charge APPG are calling on the Government to commit to implementing the recommendations in full.

With the amount of controversy around the Loan Charge, it makes sense to look at this issue properly and resolve it once and for all – independently and fairly. This includes the review taking evidence from people facing the Loan Charge and being free of Treasury interference.

The Loan Charge APPG has previously written to the Chancellor of the Exchequer saying that three things must be taken into account, when the review was announced:

1. The review must be genuinely independent of the Treasury and HMRC
2. The review must take evidence from outside parties including those facing the Loan Charge
3. All settlement activity, enforcement & penalties must be suspended pending the outcome of the review and the implementation of the recommendations.

There are concerns that the review announcement has failed to fulfil these fundamental points and that there is a clear ongoing attempt from the Treasury and HMRC to dictate the terms of the review.

Whilst the appointment of Sir Amyas Morse as an independent Chair is to be welcomed, the fact that the review will be staffed exclusively from the Treasury and HMRC is wholly inappropriate. This must be changed. If it isn't, it cannot be described as independent and therefore falls short of what was expected from the Prime Minister.

Even more troubling is that HMRC's Director of Personal Tax would appear to hold a key position in relation to the staffing of the review and ensuring that HMRC are cooperating with the review. This again is incompatible with a review that is independent of the Treasury and HMRC.

There is also concern that the review seems unnecessarily narrow and focused on certain aspects of the Loan Charge itself. It ignores the wider issues of:

- Whether the Loan Charge undermines the rule of law in its retrospective nature;
- The history leading up to the Loan Charge and HMRC's conduct;
- That the Loan Charge seeks to impose HMRC's opinions of the operation of various tax legislation that have not been tested in court.

These issues have been highlighted by many individuals and tax professionals as well as in the APPG's Loan Charge Inquiry Report. The Terms of Reference need to allow scrutiny of the roles played by all involved parties, however inconvenient that may be.

Concern has also been expressed that insufficient time has been allocated to properly explore all the issues. The Loan Charge was first announced in March 2016. We now have a report that will be produced in a very short timeframe to examine complex issues and their impact. Tens of thousands of people are in turmoil over the Loan Charge and the unexpected, life-changing bills they are being asked to pay or are already paying.

The Treasury has been criticised for the wholly inappropriate way that it announced the review, with a biased press statement repeating some of the misleading propaganda that has been an ongoing part of the Loan Charge Scandal. The Introduction to the Terms of Reference appears to prejudge the reasons why people entered the arrangements. It presents the government's opinions as facts, which once again suggests that the Treasury are intending to control the review and start from a position that they are right; this is unacceptable and worrying.

**Steve Packham, Spokesperson for the Loan Charge Action Group, said:**

*"With so much opposition to the unfair Loan Charge, we now at last have the announcement about the much-needed review of the Loan Charge.*

*"We are extremely grateful to all the MPs and peers who have pushed for this, but they now need to ensure it is genuinely independent, with no interference from Treasury or HMRC. So, it simply cannot be staffed by HMRC and Treasury officials or there's a clear conflict of interest and fears of another whitewash. Also, it must ask for and be based on evidence, including from those facing the Loan Charge and from sector professionals otherwise it won't be a review at all.*

*"Many vulnerable people are placing their hopes on some long overdue genuine scrutiny of the whole Loan Charge scandal, so this must be done properly, independently and thoroughly*

*and Sir Amyas Morse must be allowed to do such a review independent of the Treasury and HMRC, both of whom are up to their necks in the Loan Charge Scandal". ENDS*

## **Notes to Editors**

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1. The Terms of Reference of the review are here  
<https://www.gov.uk/government/publications/disguised-remuneration-independent-loan-charge-review>
2. The **All-Party Parliamentary Loan Charge Group** (Loan Charge APPG) consists of 166 parliamentarians of all parties from both Houses of Parliament who have concerns about the nature and impact of the "2019 Loan Charge" which came in to force on the 5<sup>th</sup> April 2019 and also concerns about the wider context of fairness of tax legislation and HMRC's conduct in enforcing it. See [www.loanchargeappg.co.uk](http://www.loanchargeappg.co.uk) and Twitter @LoanChargeAPPG. The Loan Charge APPG is an officially registered Parliamentary Group, as described on the UK Parliament website [www.parliament.uk/about/mps-and-lords/members/apg/](http://www.parliament.uk/about/mps-and-lords/members/apg/).

The Officers of the Loan Charge APPG are as follows:

- Rt Hon. Sir Ed Davey MP, Chair, MP for Kingston and Surbiton (Liberal Democrat)
- Ruth Cadbury MP, Vice-Chair, MP for Brentford and Isleworth (Labour)
- Ross Thomson MP, Vice Chair, MP for Aberdeen South (Conservative)
- Rt. Hon. Baroness Kramer, Vice-Chair (Liberal Democrat)
- Liz Twist MP, Vice-Chair, MP for Blaydon (Labour)

**The Loan Charge APPG have called for the following steps to ensure the review is a genuine review and is genuinely independent.**

1. The Secretariat must not be staffed by (any) HMRC and Treasury officials. Sir Amyas must recruit and appoint the review staff, none of whom must be current HMRC or Treasury staff or have worked for either in the last five years.
2. The review must include a call for evidence, including from those facing the Loan Charge and sector professionals. The review and report must be based on this evidence.
3. HMRC and the Treasury should, and must, supply their view to the review, but have no other role. Key to the review is looking at the introduction of the Loan Charge by the Treasury (on the suggestion of HMRC) and the conduct of HMRC officials, Treasury officials and Ministers.
4. HMRC and the Treasury must have no input into the report at any stage nor sight of it until it is published by Sir Amyas and his independent review team. This needs to be clearly stated now or people will simply not have confidence that the report is not going to be influenced, controlled or largely determined by HMRC and the Treasury.
5. All settlement activity, enforcement & penalties must be suspended pending the outcome of the review and the implementation of the recommendations.

6. If the review finds that the timescale suggested is insufficient, then Sir Amyas must be allowed to propose a longer time period to continue and complete a proper review. And, the Loan Charge and associated activity must be further suspended for this.
7. The Government must commit to implement the recommendations of the Loan Charge review in full and in a timely manner taking account of the timescales impacting those facing the Loan Charge.

The Loan Charge APPG are writing to the Prime Minister, to the Chancellor and to Sir Amyas Morse calling for the points listed above and will continue to press for them.

The APPG's Loan Charge Inquiry Report was published in April 2019 and can be found on the Loan Charge APPG's website <http://www.loanchargeappg.co.uk/wp-content/uploads/2019/05/Loan-Charge-Inquiry-Report-April-2019-FINAL.pdf>

**3.The Loan Charge Action Group (LCAG)** is a volunteer run group of people facing the Loan Charge. LCAG seeks to campaign to change the Loan Charge and provides a community where individuals can find information and support. The Group does not provide any form of chargeable service or professional advice. See [www.hmrcloancharge.info](http://www.hmrcloancharge.info)