



## Loan Charge Action Group response to Sir Amyas Morse's Loan Charge Review report and Government response

The Loan Charge Action Group (LCAG) welcomes the publication of Sir Amyas Morse's Loan Charge review report, the fact that the Government have at the same time issued its response and announced that they will change the Loan Charge legislation.

The full report is very complex and will require some time for a full analysis to be made, however this is our initial response.

We warmly welcome that the unjustifiable and unacceptable Loan Charge legislation is to be amended in 2020 and that the Government have accepted most of the review recommendations. This is as a direct result of the efforts of LCAG campaigners, the many MPs who supported their constituents and the work of the Loan Charge All Party Parliamentary Group. The report has been rightly critical of the Loan Charge legislation as it is and also of HMRC.

There are significant changes to the law as it stands, which are positive, though we still believe a better solution would have been to drop any retrospective application and for the Government to instead focus on stopping promotion of schemes going forward.

Whilst we continue to believe that any retrospective application of the Loan Charge is wrong, we welcome that the review has concluded that twenty years of retrospection was unjustifiable. We welcome that loans made before 2010 will no longer be subject to the Loan Charge. This shows that the legislation as passed undermined the rule of law, which vindicates the work of LCAG. We do still believe that it is wrong to have the Loan Charge retrospectively apply between 2010 and 2017, when the law was actually passed - this still sets a dangerous precedent.

We also welcome that closed years, from 2010-2016, where people disclosed scheme use, will no longer be subject to the Loan Charge. This is however unfair on those who were advised not to disclose or that they did not need to disclose. Individuals declared their usage of loan arrangements based on professional advice and people will now be impacted for following advice or on the basis of HMRC taking action. This is not fair to a large proportion of people - this is a point we will be asking MPs to look at.

We welcome that those who were pushed into settlement by HMRC, to avoid the threat of the Loan Charge, will now be refunded money that they are no longer required to pay.

We have consistently and repeatedly called for a delay to the Loan Charge self-assessment deadline and we are pleased to see that this has now been delayed until 30th September 2020, to allow time for the relevant legislation to be passed through Parliament. HMRC are however still asking people to declare on 31<sup>st</sup> January 2020 if they can; we believe that



there should be a full and proper suspension of any reporting requirements, until the legislation has been passed.

We are also disappointed to see that there is no recommendation that the underlying tax issue should be resolved. Many people still face the threat of, or have paid, Accelerated Payment Notices (APNs) - these could be for loans that are now out of scope of the Loan Charge, further enhancing the unfairness of this situation.

Overall the changes will help some people and not others. Some people will still be facing life-changing retrospective tax bills and the inevitable mental health impact as a result of the Loan Charge legislation, even once amended.

The Loan Charge Action Group will continue to campaign and to challenge the retrospective Loan Charge and will be seeking for the amendments to the legislation to go further when it comes before Parliament in 2020. We will continue to represent and campaign for all those facing the Loan Charge and to work with MPs for a fair and just outcome.

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

“The Loan Charge Action Group welcome the fact that Sir Amyas Morse has recommended that the retrospective Loan Charge legislation must be changed and that the Government have agreed to do this. This is as a direct result of the efforts of LCAG campaigners, the many MPs who supported their constituents and the work of the Loan Charge All Party Parliamentary Group.

“We welcome that it’s now been accepted that it is wholly unacceptable for this retrospective law to apply as far back as 1999, which was disgraceful, and that closed years prior to 2016 will no longer be subject to the Loan Charge. These are things that clearly undermined the rule of law. However we continue to believe that the Loan Charge should not apply retrospectively at all and are concerned that many people will still be seriously impacted.

“This is a big step forward, with a clear commitment that this dreadful law will be changed, a law that has already tragically cost lives. The Loan Charge Action Group will continue to campaign for all those facing the Loan Charge and we will be working with supportive MPs to push for fairness for all those facing the Loan Charge”.

**ENDS**