



Loan Charge Action Group

Preliminary Survey on HMRC Behaviour

Abstract

The following survey offers a preliminary look at taxpayers' thoughts and experiences of HMRC behaviour and the impact that the Loan Charge legislation is having amongst taxpayers who used Loan Arrangements. The Loan Charge Action Group thereby surveyed a representative sample of those impacted by the Loan Charge legislation. The survey was opened to members for two days, 1,717 out of 4,276 LCAG members, (a 40 per cent response rate) participated. A mini survey of three questions was sent out separately to add additional context¹, of which 1766 responded.

The query was initiated by asking participants for background information involving age and loan arrangement information in relation to their financial situation before moving onto questions involving their interactions with HMRC. The results of which show that taxpayers who are subject to the Loan Charge are largely unable to pay within their lifetime and have little faith in HMRC to engage with them fairly under the law or within their own professional standards. The results of which is causing despair and effectively criminalising law-abiding citizens. The Loan Charge legislation is causing detrimental state of uncertainty to both the taxpayers' economic and social environment.

¹ Questions from the mini survey are marked with a * at the end of the question.

Introduction

From the demographic data, 90 per cent of participants are over the age of 40, 84 per cent of all participants lack the liquid assets to afford settlement and the time frames they need to pay are largely over 15 years or more with 22 per cent stating they 'can never pay in their lifetime'². HMRC did not give 88 per cent of the population 3 years notice about the Loan Charge. Not only have HMRC failed to give the vast majority three years notice to settle their affairs, the amounts demanded are unaffordable in a time frame that will allow those in their age bracket (40 or over) to recover financially for retirement.

The survey then briefly asked members about their experience interacting with HMRC and whether support options were offered before moving onto the final open-ended question asking, 'Do you have any further comments on your experience with HMRC behaviour?' There were three broad themes expressed in the open responses, most notable were accounts of unfair treatment by HMRC that go against their own policies and the overarching idea of Blackstone's theory that states the law needs to apply to all people fairly. In addition, participants reported how the Loan Charge legislation and HMRC in particular are impacting participants overall wellbeing and the social implications of the LC charge and HMRC behaviour that has led to an absolute loss of faith in HMRC as an institution. Such a mixture sets a dangerous precedent for maintaining taxpayers belief that HMRC is a fair and law-abiding branch of the government.

Please note: **23 participants reported suicidal ideation and another reported that a family member already took their life because of the Loan Charge.**

Conclusions

The preliminary survey on taxpayer's views and experiences with HMRC are largely negative and inconsistent. HMRC is failing to treat taxpayers fairly on two main fronts: That of applying the law (i.e. the Loan Charge and settlement opportunities) equally to all taxpayers who used Loan arrangements. Reports are clear that participants are fully aware that they are getting charged more or less than others who were with the same provider, other colleagues are relentlessly hounded while others remain unaware that the LC applies to them.

HMRC is also unfair in the way they interact with taxpayers in that questions are ignored, HMRC does not maintain regular contact for months or even years yet expects the taxpayer to pay huge sums immediately or other enquiries. Many simply do not understand how the settlement calculations are made. Surely, taxpayers should be able

² Considering the age ranges and the years they need to pay the Loan Charge, those who cannot pay in their lifetime may actually be higher. Thus a further inquiry is needed.

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to understand how the charge is calculated? This interaction enhances participant's feelings that they are being treated like criminals and bullied into settlement especially when they are told they cannot have access to a court of law. Taxpayers are adamant that the retrospective nature of the legislation is hugely problematic. They clearly describe how the uncertain nature, along with HMRC behaviour are causing mental health issues that, within this survey have lead to 23 people reporting that they are considering taking their own life. One participant sadly already lost a family member because of Loan Charge.

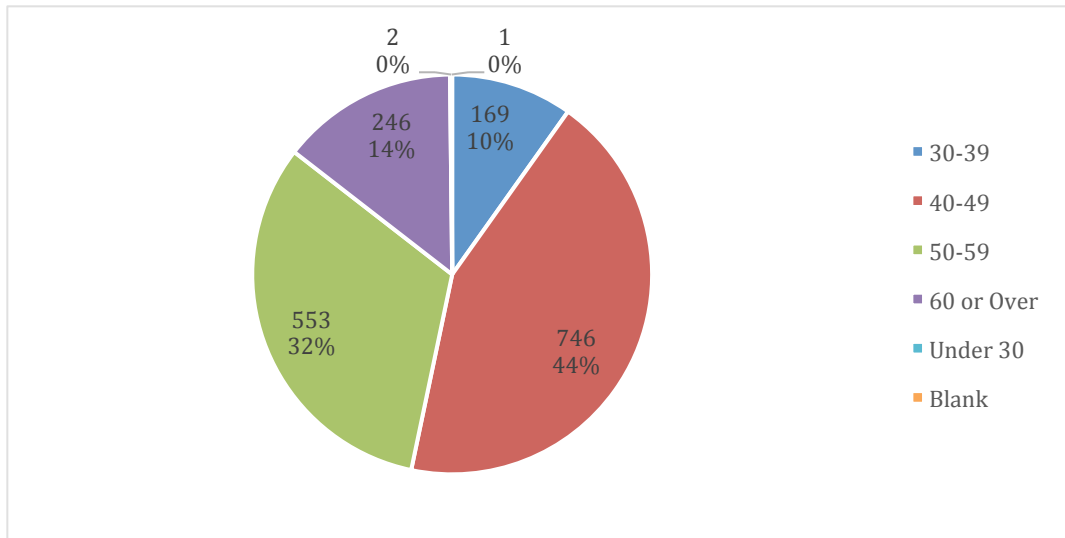
The Loan Charge APPG, and the Loan Charge Action Group have repeatedly pointed out qualitative and quantitative evidence to show that HMRC has failed to conduct a proper impact assessment on the Loan Charge. This is quite a sting if you consider the purpose of the Loan Charge Legislation—personal tragedies, family breakups and suicides aside, the Loan Charge and HMRC's actions fail to stamp out tax avoidance.

The repercussions of the Loan Charge legislation and HMRC's application of the law has depleted the inherit trust these taxpayers had in the Revenue. Their lives are unliveable because there is absolutely no financial security. Just as tragically, this uncertainty has disintegrated their belief that they live in a country that treats taxpayers fairly by applying the law equally. The Loan Charge is not just impacting those who joined Loan Arrangements—it is impacting families who are, equally suffering from the same ailments and learning that they cannot trust HMRC. Families and future generations learn that there is a tiered tax system and that they are on a different tier that criminalises taxpayers for not understanding the tax code and relying on those in position of authority such as their employer or the tax profession at large.

A thorough review needs to be conducted to investigate HMRC culture views of the self-employed/freelance economy, their use of Behaviour Insights to engage and understand 'taxpayers'; re-evaluate the tax code so that HMRC does not criminalise taxpayers who are far from experts on the matter or judge those who make 'simple' mistakes harshly. Just as importantly, policy makers need to understand and take a hard look at the economic ecosystem in its historical and social context to appropriately create laws that provide certainty, support the economy and allows all taxpayers access to the judicial system. Such actions, if sound research is conducted, will help HMRC to function for the benefit of all taxpayers and to establish a working culture that emits trust and fairness to those it engages with.

Quantitative Question Section

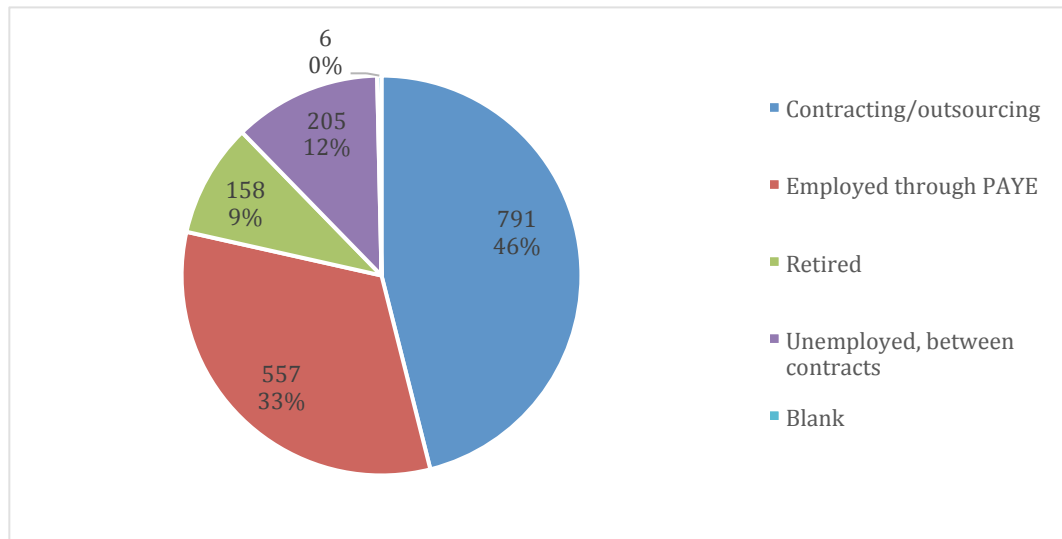
1. What is your age?



44 per cent (746/1717)	40-49
32 per cent (553/1717)	50-59
14 per cent (246/1717)	60 or Over
0 per cent (2/1717)	30-39
0 per cent (1/1717)	Under 30

90 per cent of survey participants are over the age of 40. The age ranges impacted, particularly if it will take over ten years to pay the Loan Charge, jeopardises retirement plans and theoretically raises the probability that they will need to rely on the state benefits system, if not immediately (for those retired or unemployed) but as they continue to age. One should also note that it is becoming a common trend for parents of young children to be in their forties, which places a greater strain on their ability to provide for their direct dependents or even extended family members.

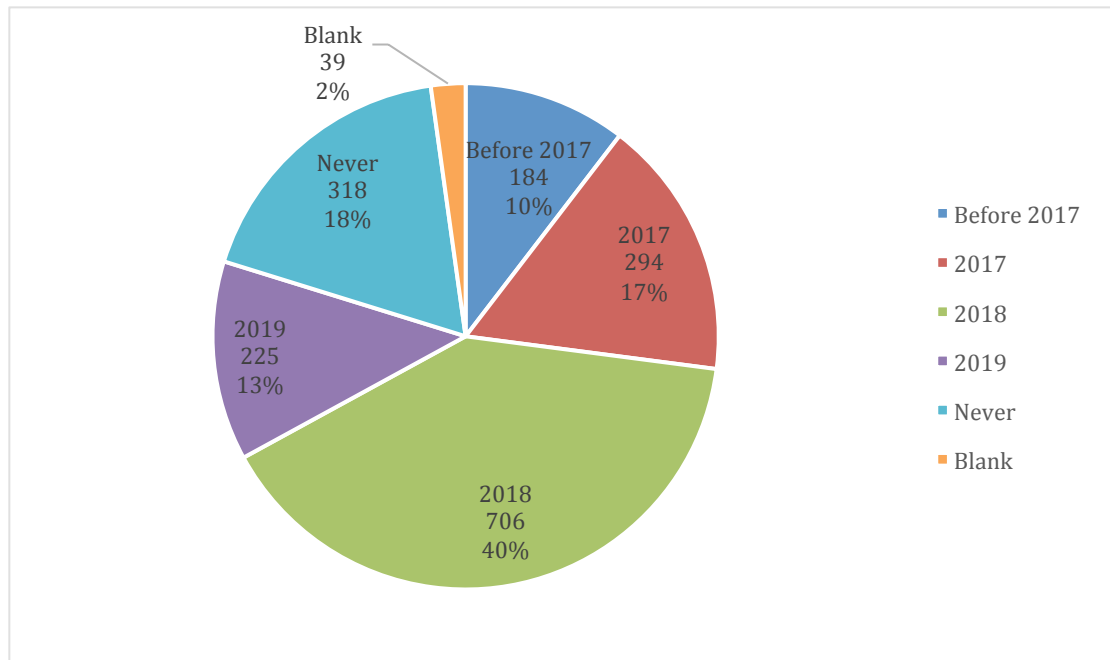
2. What is your earnings status?



46 per cent (791/1717) Contracting/outsourcing
 33 per cent (557/1717) Employed through PAYE
 12 per cent (205/1717) Unemployed, between contracts
 9 per cent (158/1717) Retired

Only 33 per cent of participants are in 'current' employment that offers employee protection and benefits. To elaborate, only 557 people out of 1717 have protection if they are made redundant, ill, enter retirement or go on maternity leave, whilst also having benefits in the form of holiday pay, pension contributions, bonuses etc. 21 per cent are currently not working because they are unemployed or retired. The remaining 46 per cent are working but do not receive any of the benefits mentioned above. They are effectively zero hour workers who are at risk of immediate dismissal. Thus, approximately 58 per cent of those impacted by the Loan Charge are in an unpredictable employment environment where they could be made or remain jobless for the foreseeable future. 9 per cent have little chance of re-entering the workforce in order to pay and recoup the money needed for their end of life care.

3. When did HMRC inform you about the Loan Charge?

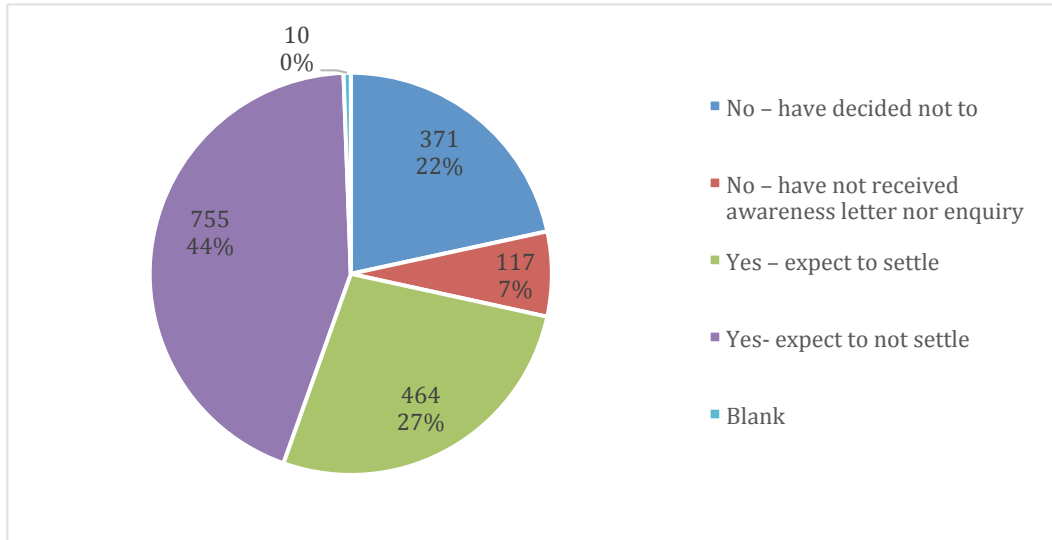


40 per cent (706/ 1766)	2018
18 per cent (318/1766)	Never
17 per cent (294/1766)	2017
13 per cent (225/1766)	2019
10 per cent (184/1766)	Before 2017
2 per cent (39/1766)	Blank

88 per cent of members were not given 3 years notice to ‘arrange their affairs’. Those who were informed in 2019 most certainly have not had enough time and demonstrates that HMRC can pick and choose when to inform any taxpayer at any time that they have fallen foul of the Loan Charge. For those who were informed before 2017, additional inquiries may be needed in order to establish why such a small minority of those impacted were informed³.

³ This same question was asked by LCAG in 2018 but as an open-ended question and was followed by ‘How did you first hear about the Loan Charge?’ At that time those who sighted they knew about the LC prior to 2017 stated they heard about the possibility of it coming into legislation by a tax professional, wrongly equated APN’s as part of the Loan Charge legislation or, in one account, the participant was told by an HMRC staff member that they were intending to implement the LC legislation in the future.

4. Have you engaged in Settlement with HMRC?

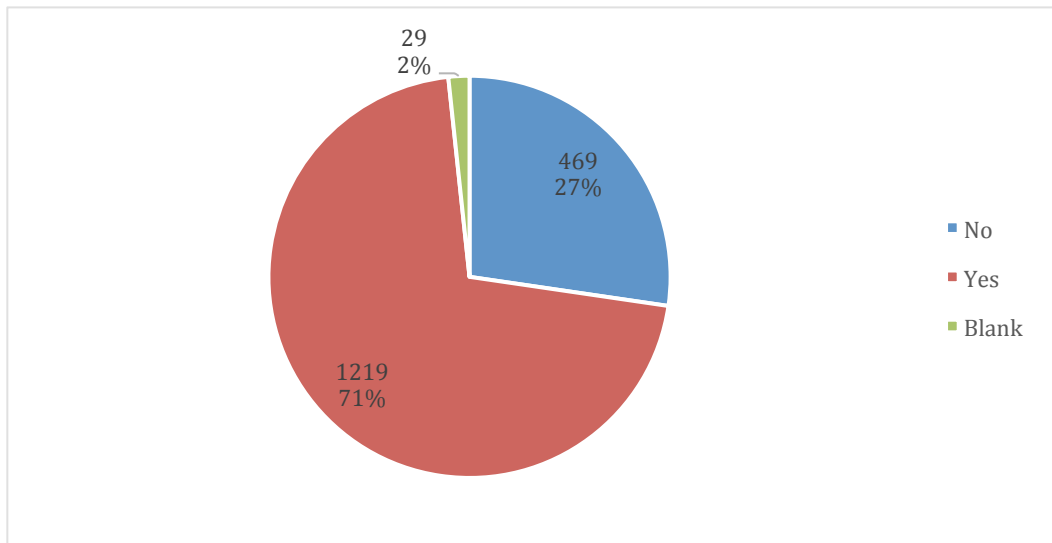


44 per cent (755/1717)	Yes- expect to not settle
27 per cent (464/1717)	Yes - expect to settle
22 per cent (371/1717)	No - have decided not to
7 per cent (117/1717)	No - have not received awareness letter nor enquiry
0 per cent (10/1717)	Blank

This question in particular needs further investigation to understand why participants are making the choice to settle or not to settle⁴. 66 per cent are expected to not settle. More disturbingly, 7 per cent have not received any awareness or enquiry letters from HMRC. This highlights doubts that HMRC are acting consistently or fairly to all taxpayers because, simply stated, some taxpayers who have utilised Loan Arrangements are receiving letters and others are not. The issue regarding why taxpayers are choosing not to settle deserves further attention to avoid prejudicial assumptions of noncompliance.

⁴ LCAG sent out a one question survey asking members about their decision to settle or not and an option to elaborate in a comment box in August 2019. The overwhelming reasons for deciding to settle, not settle or remain undecided was—fear. Fear that they would not be able to pay the Loan Charge, Fear that not settling would result in bankruptcy or lose their career and those who were undecided expressed a mixture of both overarching concerns.

5. Do you have closed years which would be taxed under Loan Charge?

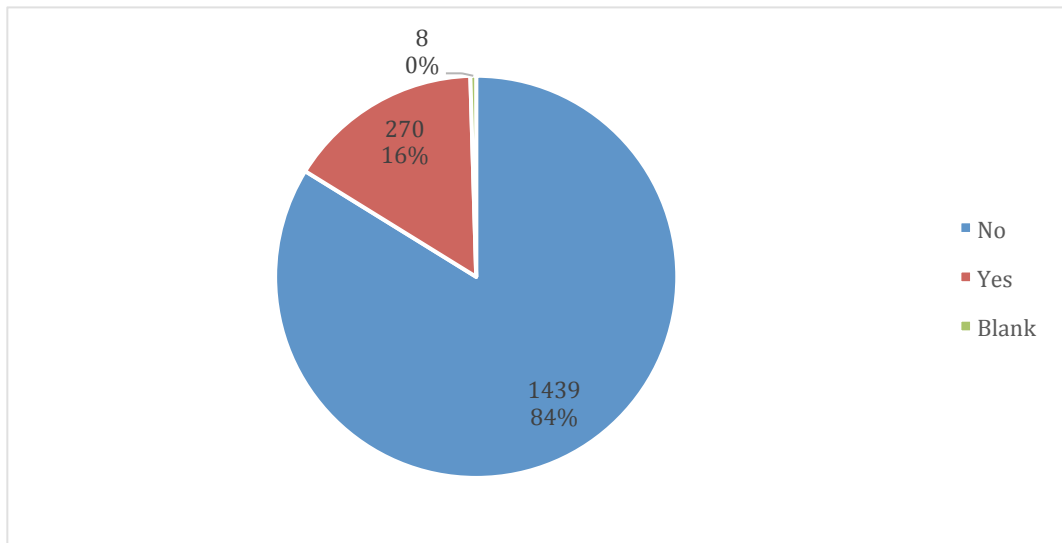


71 per cent (1219/1717) Yes
27 per cent (469/1717) No
2 per cent (29/1717) Blank

71 per cent have years that, without the Loan Charge, would be considered “closed” years; i.e. years that under the statutory protections laid down by the Taxes Management Act 1970, HMRC have no right to collect any tax they claim is due.

This worrying statistic exemplifies how the nature of the Loan Charge is indeed retrospective (or at the least retroactive) and does change the tax position of previous years.

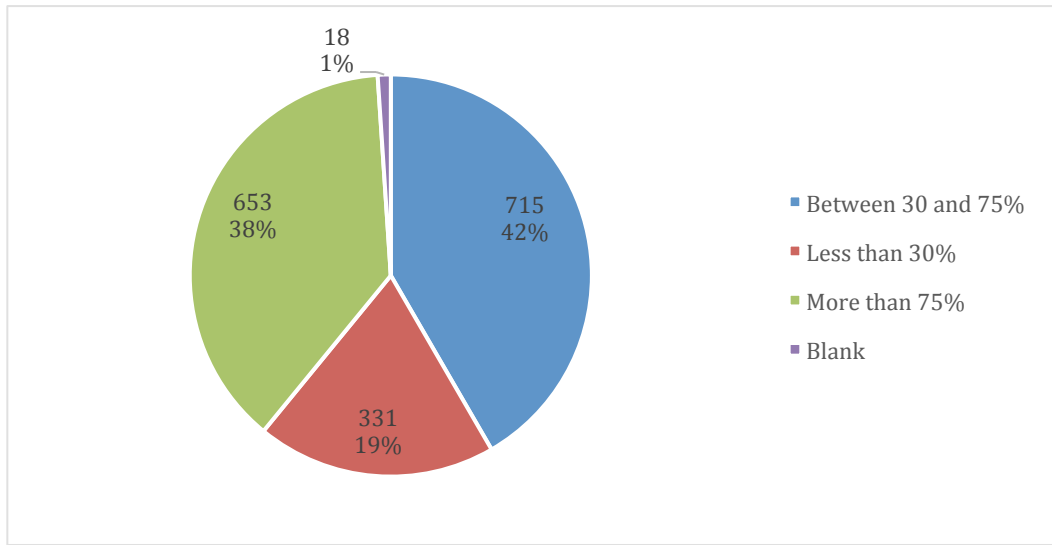
6. Do you have Liquid Assets to pay the Loan Charge, or settlement?



84 per cent (1439/1717) No
16 per cent (270/1717) Yes
0 per cent (8/1717) Blank

84 per cent of participants do not have the liquid assets to pay the Loan Charge. Again, this question deserves further inquiry in relation to other questions related to how taxpayers intend to pay the Loan Charge. Where does their money go? Most likely it has been used to provide for their families, paying off mortgages and other such things. Did the contractors even gain a percentage that was significantly higher than those employed by a company?

7. As a percentage of your assets, (equity in house and savings/investments) how much is the expected loan charge or settlement?

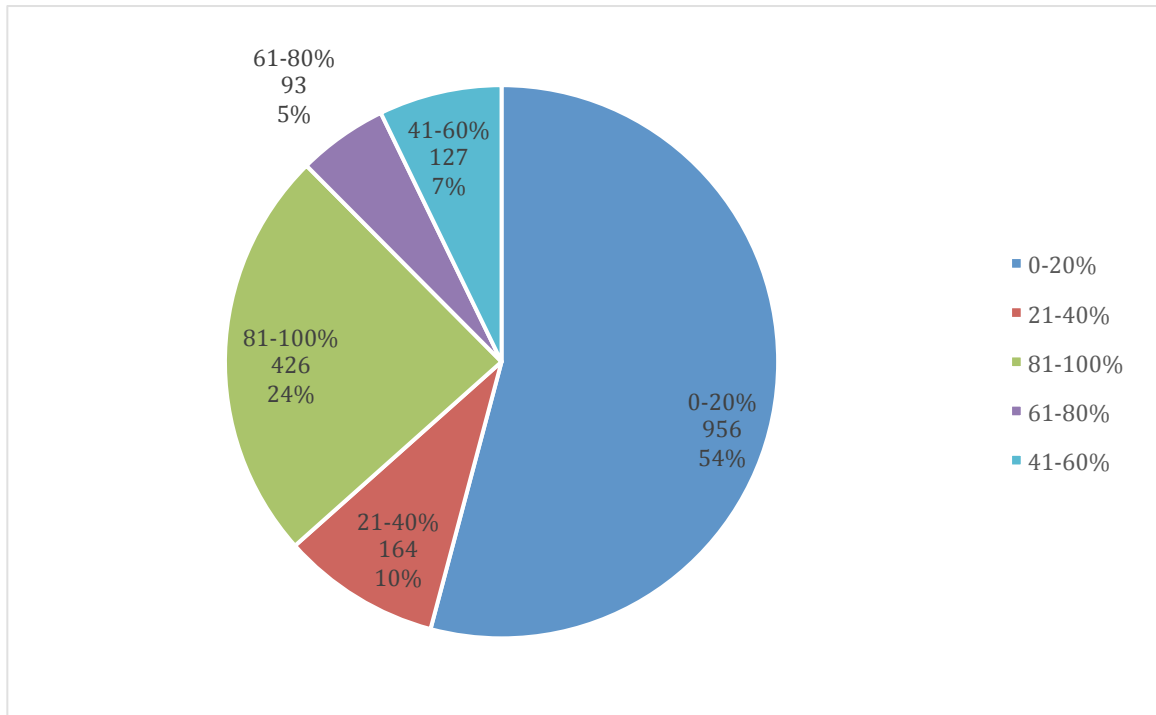


42 per cent (715/1717) Between 30 and 75%
38 per cent (653/1717) More than 75%
19 per cent (331/1717) Less than 30%
1 per cent (1/1717) Blank

The Loan Charge is more than a third of their assets for 80 per cent of participants. The result of such high figures will certainly mean people having to sell their homes, and have a significant impact on retirement plans.

8. Approximately what percentage of liability for reach period does the Loan Charge relate to? For example, 40% before 2011, 60% between 2011-2017 and 0% after 2017. The totals should add up to 100%.

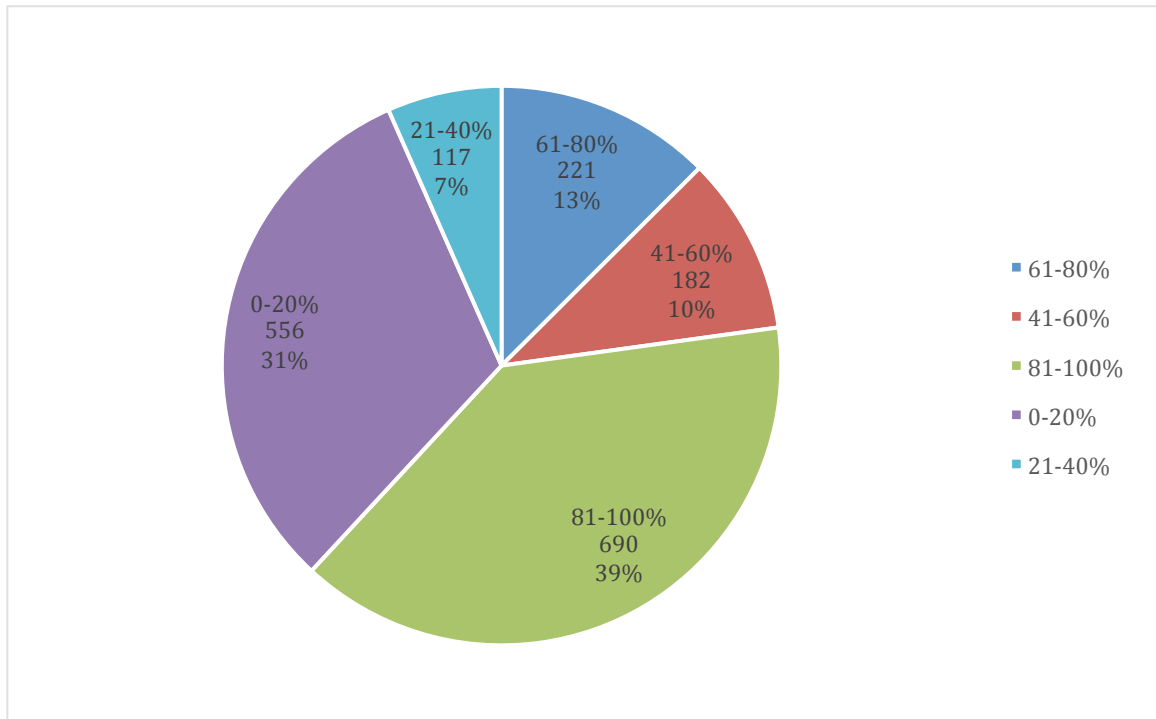
Pre 2011:



54 per cent (956/1766)	0-20 %
24 per cent (426/1766)	81-100 %
10 per cent (164/1766)	21-40 %
7 per cent (127/1766)	41-60 %
5 per cent (93/1766)	61-80 %

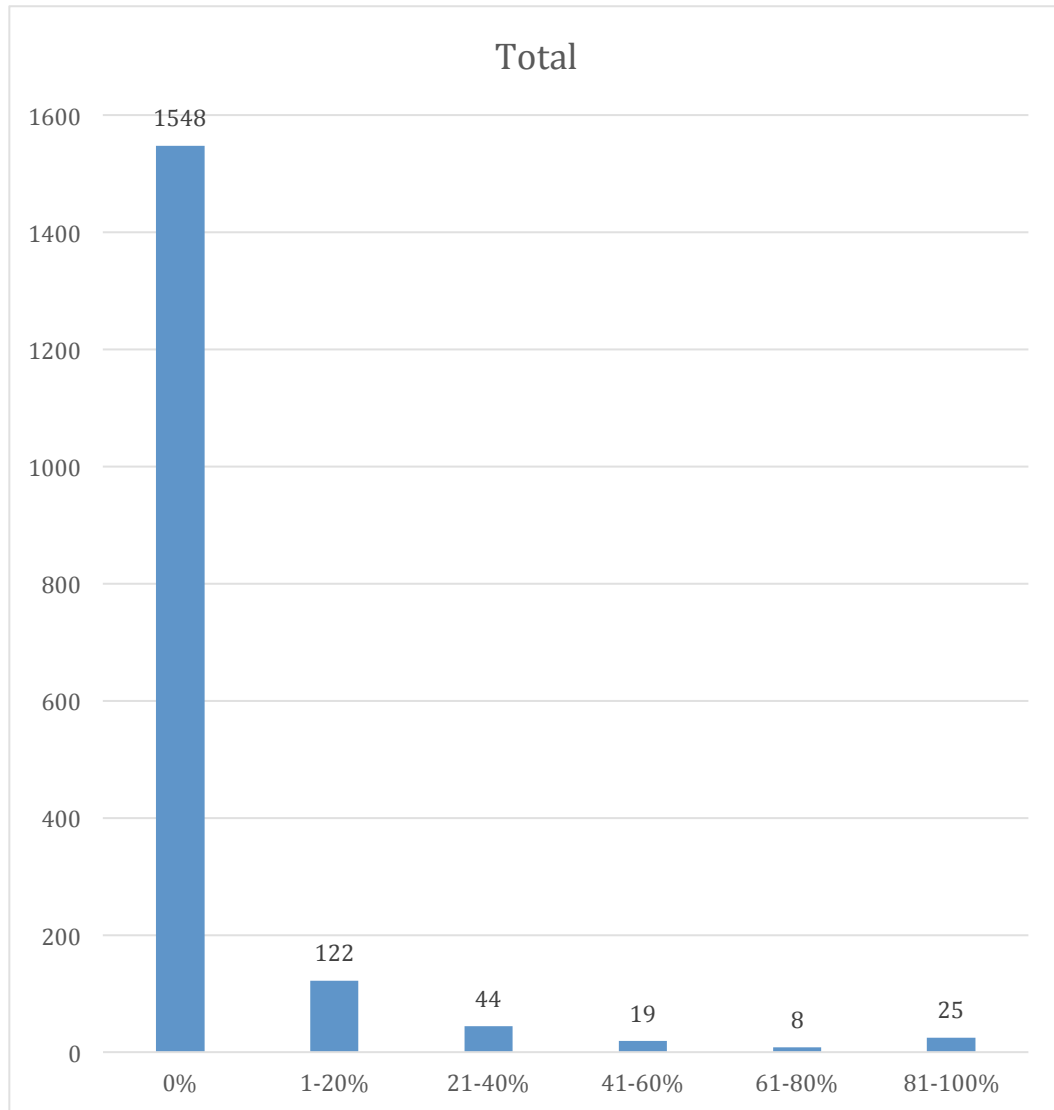
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Between 2011-2017



39 per cent (690/1766)	81-100 %
31 per cent (556/1766)	0-20 %
13 per cent (221/1766)	61-80 %
10 per cent (182/1766)	41-60 %
7 per cent (117/1766)	21-40 %

After 2017:⁵

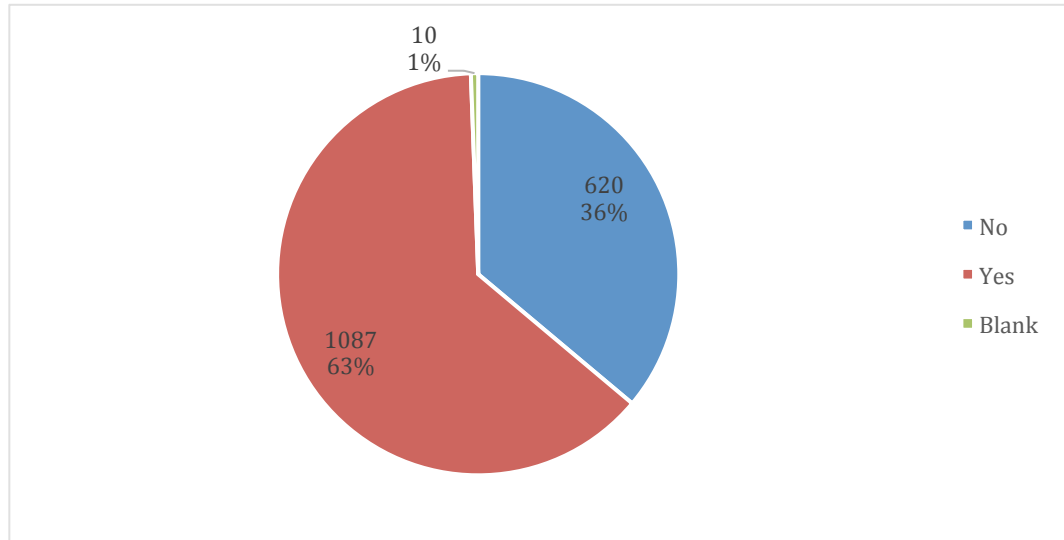


88 per cent (1548/1766) 0 %
 7 per cent (122/1766) 1-20 %
 2 per cent (44/1766) 21-40 %
 1 per cent (25/1766) 81-100 %
 1 per cent (19/1766) 41-60 %
 1 per cent (8/1766) 61-80 %

88 per cent of members do not have any Loan Charge exposure after 2017 despite promoters continuing to operate. It is worrying though that 12 per cent do have loans from after 2017; this suggests that promoters continue to operate even after the Loan Charge had been announced, and that the Loan Charge has been ineffective in tackling these kind of arrangements. This statistic is totally at odds with HMRC’s portrayal of the situation.

⁵ A histogram was utilized to better represent

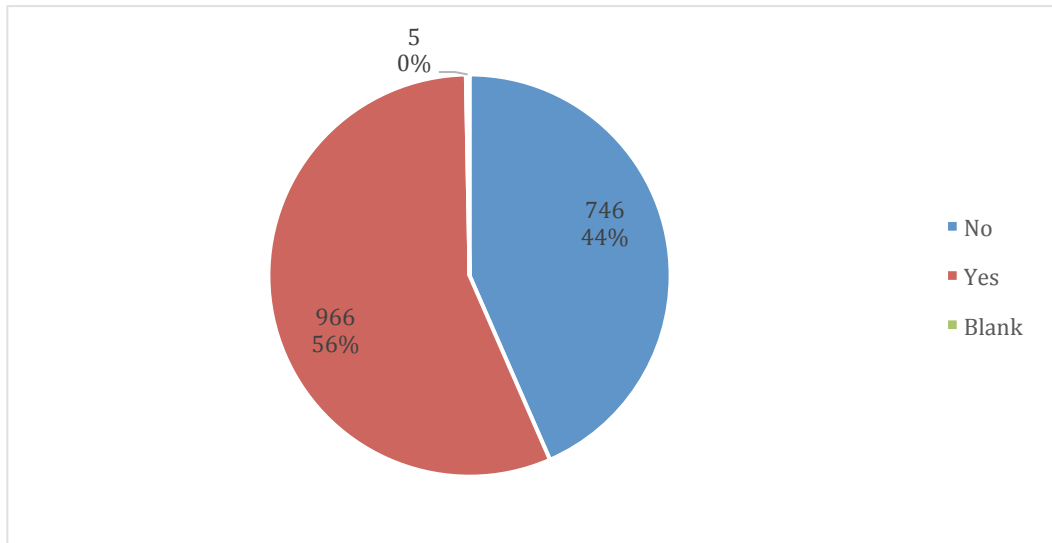
9. “HMRC will not force anyone to sell their main home to pay their DR debts”. Will you have to sell your main home (including downsizing) to pay the Loan Charge or settlement?



63 per cent (1087/1717) Yes
36 per cent (620/1717) No

63 per cent indicate that HMRC’s policy regarding forcing people to sell their main home to pay their ‘DR debts’ is inaccurate.

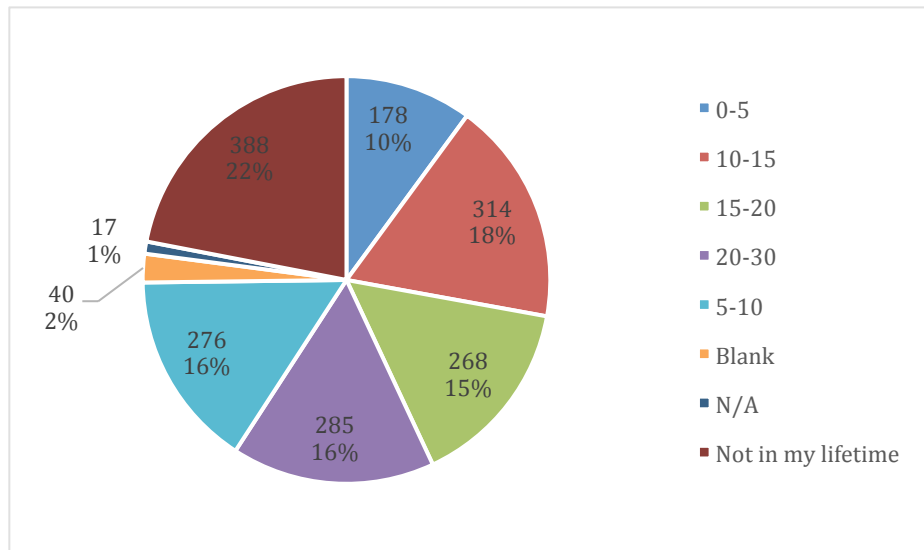
10. "HMRC does not want to make anybody bankrupt". Are you considering bankruptcy as a result of the Loan Charge?



56 per cent (966/1717) Yes
44 per cent (746/1717) No
0 per cent (5/1717) Blank

56 per cent of survey participants are considering bankruptcy, and that sentiment holds when one considers that HMRC are not offering 84 per cent manageable settlement payments in question 13.

11. How many years would it take you to pay off the Loan Charge? *



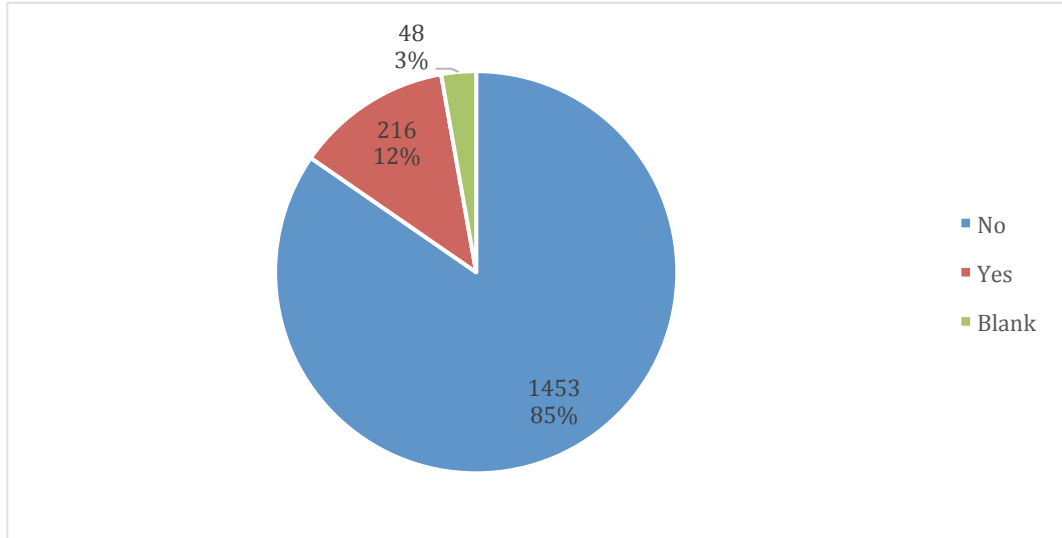
22 per cent (388/1766)	Not in my lifetime
18 per cent (314/1766)	10-15 years
16 per cent (285/1766)	20-30 years
16 per cent (276/1766)	5-10 years
15 per cent (268/1766)	15-20 years
10 per cent (178/1766)	0-5 years
2 per cent (40/1766)	Blank
1 per cent (17/1766)	Not Applicable

Question 9 reinforces the point that the Loan Charge is largely unaffordable. 22 per cent can never pay in their lifetime. That figure, in theory, could be higher when one considers a 40 year old consultant, representing the 84 per cent without liquid assets, who needs to spend the next 15-20 years paying off their debt to HMRC and that is only if they are able to maintain the same rate of pay without any unexpected life circumstances such as ill health manifesting prior to retirement.

Hence the large settlement amounts⁶ and the years needed to pay has contributed to participants sense of uncertainty as their future, their ability to help family and friends, pursue interests and dreams, to retire; is placed in jeopardy as they become a debt slave to HMRC. HMRC may state that they have recovered their 3.2 billion on paper, but the money in the treasury will be an illusion, one that is either built on debt enslavement or not exist at all as people simply cannot pay.

⁶ Please note that what constitutes, as a 'large settlement amount' to one person may not be as horrendous to another. The research does not want to devalue any taxpayer's distress because the number of years needed to pay is less or more than another. Nevertheless, looking at the data as a whole, the researcher thought it relevant to highlight that a large portion of those who are in the later stages of their career and some of which already retired, will be greatly disadvantaged at having a chance to recover financially, if 71 per cent need longer than ten years to pay.

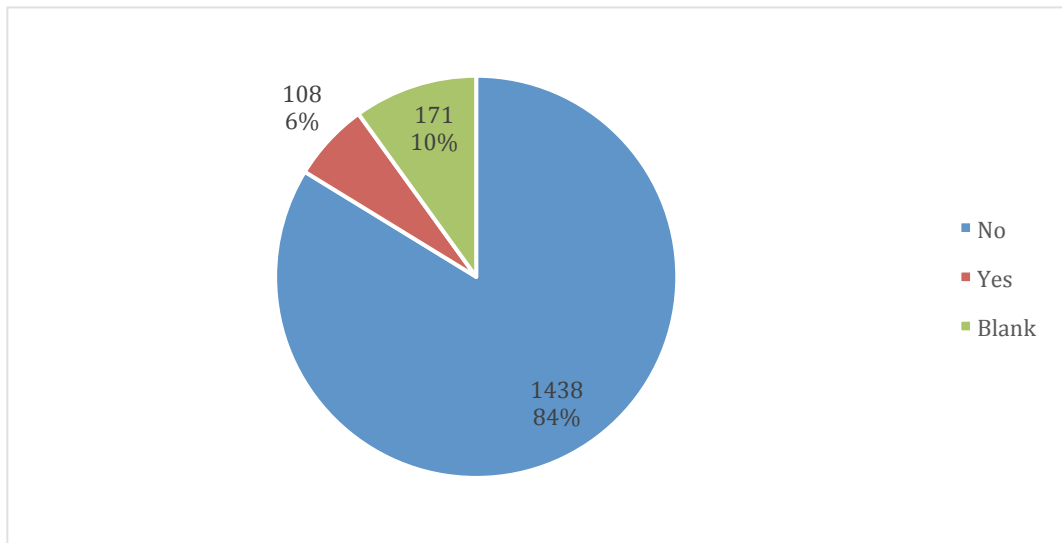
12. "A dedicated HMRC team is focused on working with those who are not able to pay the LC, by the payment deadline...". Have HMRC advised you who to contact in this dedicated payment team?



85 per cent (1453/1717) No
12 per cent (216/1717) Yes
3 per cent (48/1717) Blank

It would be advantageous for an independent organisation to conduct research into HMRC policy practices and culture and simultaneously ascertain taxpayers experience with HMRC in more detail. 85 per cent have not contacted the 'dedicated payment team'. Another question that requires additional and thoughtful query to determine how HMRC can improve their services to taxpayers.

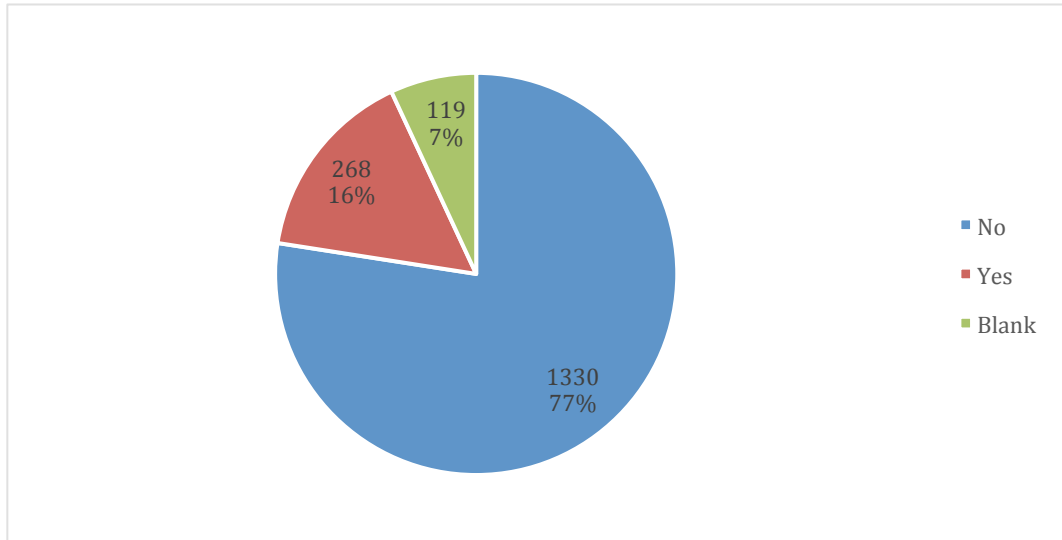
13. Did they agree a manageable repayment plan with you?



84 per cent (1438/1717) No
6 per cent (108/1717) Yes
10 per cent (171/1717) Blank

Summarised, HMRC's policies state that they consider the 'customers' situation when helping them to sort out their tax affairs. However, it seems that this is not the case with the Loan Charge. 84 per cent have been given unmanageable payment plans. Again, further research is needed to ascertain why this is the case for those taxpayers who had loan arrangements that take into account any miscommunication, prejudicial views or problematic performance target strategies in HMRC's work culture.

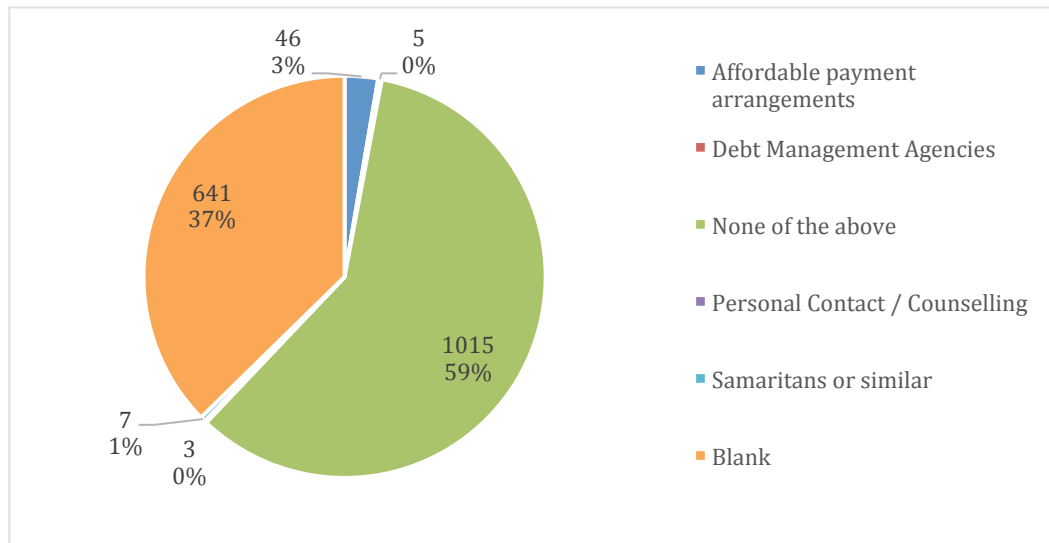
14. "HMRC understands that tax bills are stressful, and is committed to providing affordable payment arrangements and enhanced support more vulnerable customers may need". Have you notified HMRC that you may be a more vulnerable customer, by phone, email or letter?



77 per cent (1330/1717) No
16 per cent (268/1717) Yes
7 per cent (119/1717) Blank

77 per cent have not notified HMRC whether they are vulnerable or not. One could presume that 77 per cent of participants are not vulnerable. This question therefore needs to be, along with others mentioned previously, teased out more systematically so that HMRC can have full understanding of why taxpayers are or are not engaging with them and how they can improve their duty of care as the sole Revenue collector for the United Kingdom.

15. What additional support have they offered?



- 59 per cent (1015/1717) None of the above
- 37 per cent (641/1717) Blank
- 3 per cent (46/1717) Affordable payment arrangements
- 1 per cent (7/1717) Samaritans or similar
- 0 per cent (5/1717) Debt Management Agencies
- 0 per cent (3/1717) Personal Contact / Counselling

Although only 16 per cent indicated they informed HMRC that they were vulnerable, a large portion of those taking part in the survey felt it relevant to state that HMRC has not offered them any support. Again, this question is intriguing but raises more questions than it answers as to what support HMRC offers all taxpayers, and not just the 16 per cent who have openly stated they were vulnerable. Please note that the more frequent advice mentioned was suggesting the taxpayer contact a 'Debt Management Agency' at 37 per cent and affordable payment arrangements were offered to 3 per cent of survey participants. Why then has HMRC not extended affordable payment arrangements to others?

16. Do you have any further comments on your experience with HMRC behaviour?

The Final question on the survey was an open-ended question. There emerged three main themes relating to HMRC and the Loan Charge impact on taxpayers: Unfair treatment, Impact on their Wellbeing and Social implications. The latter of which has the potential to change societal norms as they are passed down to the next generation.

Theme 1: Do you have any further comments on your experience with HMRC behaviour?

The following document highlights the themes unfair treatment by HMRC in the way the implement the Loan Charge and basic treatment of taxpayers as human.

Reports of Unfair Treatment by HMRC:

Summary: HMRC's is inconsistent in offering affordable settlement options for taxpayers; threaten, misinform, or choose to completely ignore all questions or communications from those who are trying to understand their tax situation. Taxpayers report that they are shamed and feel they are treated as criminal by HMRC's policies that are exemplified in the use of language in the literature, their conversations and lack of understanding of how contracting and self-employed taxpayers operate. Transgressions are as follows:

- Colleagues are not receiving enquires or LC awareness letters despite having been in the same scheme around the same time.
- Know those who have negotiated smaller settlement amounts while others have been unsuccessful.
- HMRC staff lack insufficient knowledge to answer questions
- Letters are arriving late or are backdated.
- Disorganised (losing paperwork, asking for info several times, etc.).
- Provide inaccurate figures
- Lack of communication (not responding at or ignore all queries for instance, do not explain how calculations work).
- Offering misleading or inaccurate advice.
- Charging IHT after settlement.
- Threatened or bullied into settlement (i.e. Told there will be additional fee percentages if decide not to settle; implied or state that actions were criminal).
- Taking months to receive settlement confirmation.
- Giving insufficient time to pay based on personal circumstances and income.
- Do not offer or explain full options on what is best for taxpayer.
- Discriminatory Treatment--Feel criminal by the letters and/ or conversations.
- Sending debt collector to door or work.
- Denied access to a Tribunal or Court of Law.
- Forced to sign away Common Law Rights.
- Settlement is never final.

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Unfair Treatment by HMRC Sample Statements:

- A. HRMC have not responded to my enquiries about my settlement figures and calculations. I requested this in March 2019, and it took them 6 months to reply. I have followed up numerous times by phone and email but get ignored. I was given 3 weeks to reply and settle or forced into bankruptcy. They have failed to provide responses to my enquiries and then provided an aggressive timeline which is completely unfair considering the life-changing amounts. The behaviour demonstrated by HMRC has led me to become depressed and contemplating suicide.
- B. Confidentially- HMRC have allowed settlements for less than the tax due and less than the tax due under the loan charge. Whilst I have benefitted from this it sends out mixed messages. I have settled but only because of the loan charge, not because the planning has been proven to not be HMRC's gracious offering of £15,000 per month simply is not feasible with a current annual income of £40,000 per annum.
- C. I have not had any direct dealings with HMRC but my friends and family have. I have witnessed their terrorising behaviour first hand, they forced a family member to remortgage their home to pay an APN and now they are selling their family home to pay the demand of another year's APN. If Loan Charge comes into effect they will have to go bankrupt as HMRC have already bled them dry. They demand payment straight away but when it comes to querying the amount they take months to respond and then add interest. Their behaviour is out of control like some back street loan shark, no other company would get away with this. My family was bullied, terrorised and punished for HMRC's own negligence. They did not go after the promoters of schemes for twenty years, instead they go after the victims of the schemes while the same promoters are still freely operating today! Not once in the last twenty years has HMRC contacted me to advise me of any schemes, not about the new law which was passed in regards to the Loan Charge, not about the Loan Charge deadlines or settlements. I like most of the people I know in contracting who have been caught up in this nightmare will go bankrupt if we are faced with Loan Charge. We will no longer be contracting, we won't be paying back the Loan Charge, all we will do is join the millions of unemployed people living off the state and the government can support us. Pity they don't support us contractors now while we are still able to contribute to society by ending this HMRC Loan Charge fiasco.
- D. They didn't acknowledge an appeal letter even though I sent it recorded delivery and so my (ex) wife opened a letter (when I was working away from home) saying the Bailiffs would be round if I didn't pay in '24?' Hours. Needless to say she panicked, not helped by the fact she was suffering from postnatal depression at the time. Once I called HMRC they found my appeal letter and withdrew the bailiff's threat. But I never received an apology.
- E. LC was a complete surprise to me, I have filled out every form they sent me but I hear nothing and when I call they tell me nothing. They simply do not respond to my emails (I got an automated receipt). I have no idea about payment plan, when and how I am supposed to pay, what next steps are etc. I hear about deadlines but only from other people. Dreadful mess, extremely worrying for my family, huge amount of money and completely unfair retrospective taxation.
- F. My friend in nearly identical employment circumstances was charged £27,000 more than me in the settlement pack. HMRC are a shambles.

Theme 2: Do you have any further comments on your experience with HMRC behaviour?

The following document highlights the themes involving taxpayers expressed when discussing the current state of wellbeing as a result of the Loan Charge and HMRC behaviour

The Cost to the Taxpayers holistic wellbeing

Summary: HMRC's lack of communication and treatment towards taxpayers are causing mental, emotional, social and physical wellbeing issues generated by the implementation of the Loan Charge legislation that include the following:

- Family break up
- Prevention of family formation (pregnancies terminated)
- A future without economic security (Lack Financial security or the ability to recover financially, Bankruptcy, how can one plan a future if laws are retroactive/retrospective).
- Settlement Agreements leading to debt problems.
- Loss of Home.
- Mental Wellbeing suffering (anxiety, medication, seeking counselling, suicidal etc.).
- Physical Wellbeing suffering (autoimmune illnesses triggered by stress, heart issues).
- Emotional Wellbeing (job performance suffering, difficulty concentrating, organising family life and work etc.).
- Social Wellbeing (Isolated from family and friends; Divorce/Separation)
- Loss of Sense of Self (Idea that they were law-abiding is shattered. Forced to be labelled as criminal and unable to provide for their family).
- Reliance on Debt or Social Benefit System to survive.
- Worry for family who are also suffering from mental, emotional, social and physical wellbeing issues or the economic ramifications of the Loan Charge.
- Feel they are being treated worse than criminals.
- Regret working so hard to have all dreams and expectations shattered.

Wellbeing Impact Example Statements:

- A. I am 70 I have early dementia and heart problems. I live on my pension. My wife and I jointly own our home, which we hoped to see out our days. Now it looks like a council supported property as HMRC make us bankrupt and homeless. I started work at 14 and imagined a little better for my twilight years. Not for the rules to be changed and the rug pulled out from underneath my feet with backdated legislation
- B. Have contemplated suicide as the only way out as I have a disabled partner and a 20 something year old child with mental health issues and I am the sole wage earner in the family. I am a registered health care professional and the attitude and threatening drip feed letters from HMRC have pushed me to the edge since July 2017.

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- C. The closed years or a killer for me. I didn't even know that I was in a loan based arrangement, and those years I was forced into it by the agency. I am prepared to settle the open years, but the closed years I shouldn't have to. Unfortunately, the closed years and the open years together are far beyond my means. My marriage has collapsed, I am under psychiatric care.
- D. I have prepared a hopefully painless plan for my own suicide. The Loan charge would leave me with no savings or assets, I will not be able to provide for rent and care for my disabled partner, and through bankruptcy will lose the ability to work again in my chosen profession. All my tax years are closed, why didn't HMRC challenge this straight away, why wait 10 years and land me with a retrospective bill for £100000+ ?
- E. LC was a complete surprise to me, I have filled out every form they sent me but I hear nothing and when I call they tell me nothing. They simply do not respond to my emails (I got an automated receipt). I have no idea about payment plan, when and how I am supposed to pay, what next steps are etc. I hear about deadlines but only from other people. Dreadful mess, extremely worrying for my family, huge amount of money and completely unfair retrospective taxation.
- F. As stated they have never contacted me regarding the loan charge. I submitted loan figures for CLSO2 before Sept 18, I received a pack back on April 3rd 2019 - my birthday of course, had heard they do that - so I responded at the end of April with some questions I had. One question was how much are they actually asking for in settlement as the front page totals did not equate to the breakdowns provided. I have never heard a thing back. In the meantime this has dragged on so long now it is taking such a toll on our family life. I took a perm PAYE job due to the IR35 uncertainty due in 2020 so I have significantly less income and the loan charge mess adds huge strain mentally. Thank god for my young children, they keep us going. I also fell pregnant earlier this year. It broke our hearts to take the decision to terminate. We love our children more than anything in the world and fertility issues meant it took us a long time to have them. To then feel so backed into a corner that we had to take this decision to not have a third baby due to the continuing long standing uncertainty around the loan charge (as a result of very common and legal practises at the time, which delivered a benefit a fraction of this tax bill now being presented) has been one of the most painful and traumatic experiences of our lives. Not that they care - I've quickly learned they are a machine devoid of humanity.

Theme 3: Do you have any further comments on your experience with HMRC behaviour?

The following document highlights how HMRC behaviour and the Loan Charge legislation are decimating the taxpayers' world-view that the government and the Revenue act fairly by protecting taxpayers in accordance to the law.

The Social Implications of the LC and HMRC Behaviour:

Summary: The Loan Charge itself unhinges the taxpayers' belief that they live in a world where they have certainty and security to plan their future because of the retrospective element of the legislation. Evasion it is not. The double standard way in which HMRC has targeted individual taxpayers as opposed to the promoters, businesses or even evaluating the tax system in depth to change the socio ecosystem intensifies their feelings of victimisation. HMRC are in an echo chamber that presumes taxpayers

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understand the tax code on the same level as they do. How then do they view contractors and the self-employed? Instead of reviewing and regulating the tax professional system, or simplifying the tax code, HMRC has blamed and criminalised those who entered these arrangements to be compliant with employment and tax laws. Participant's views of injustice are reinforced by HMRC behaviour when they witness and experience themselves being effectively criminalised for following the advice of tax and employment professionals. These situations collectively breakdown their sense of self, their trust in authority, and disintegrates social norms such as 'hard work pays off'. These experiences are shared to one extent or another with family members who also suffer the unintentional consequences of HMRC behaviour and poor legislation policies. The Loan Charge risks burdening the United Kingdom's social system as families become unable to help one another or even themselves, particularly as they age. Just as concerning, is that the damage done to the UK's social norms surrounding fairness and trust of one's tax affairs will be passed on to younger generations.

Social Implications of the LC and HMRC Behaviour Themes:

- Complete lack of trust in Tax Collecting Authority, Tax Specialists and the overarching tax system in general.
- HMRC is described as a mafia, extortion racket, dictatorship because of their disregard for the law and bully tactics.
- Describe that they no longer have faith that the rule of law will be upheld.
- Forced to endure double standard treatment. (Promoters and Big Businesses continue to engage in tax avoidance).
- Distrust of Government and HMRC—Described as Orwellian
- Promoters continue to operate luring new people in or convincing established customers that their system is exempt from the LC. This creates a 'milking system' that does not stop tax avoidance.
- The distrust, uncertainty and fear surrounding HMRC will trickle down to younger generations who are witnessing what their families are going through.
- Anger at lack of taxpayer protection, with particular emphasis any form of retrospective law because it provides one with absolutely no financial security to live their life.
- Feel it was pointless to have work hard at a career.
- Acting like a law-abiding citizen does not protect taxpayers.
- Concerns that HMRC are utilising Behaviour Insights team unethically.
- Complex Tax system that sets most taxpayers out to fail.

Social Implications of the Loan Charge and HMRC Behaviour Sample Statements:

- A. I was provided a payment plan which I didn't agree to as I couldn't afford the payments, I have instead completed an alternative payment plan to pay £800.00 which over 17 years should amount to the full amount being able to be paid off, on the assumption I continue working until I am 71 years old, although I have private

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and state pensions that will be due during this time, which I am assuming HMRC will insist I pay to them, therefore I don't expect to have ANY quality of life for the rest of my remaining years. Bankruptcy is the only option, either that or pay-out of death insurance to pay the Loan Charge to ensure my family are not penalised by the bloodsucking HMRC once I am not longer here. Sad times, sad Country, even sadder government.

- B. I have always completed my tax returns correctly and on time to comply with all requirements placed on me. When I completed returns for the closed years which are now subject to the LC, I specifically called HMRC and asked them how I should complete the returns given the loans I had. I complied with their instructions. No enquiries were raised and those years are now closed. I am now extremely annoyed and concerned that they are now retrospectively taxing me when, at the time, they gave me a rebate! Furthermore, the letters that they have sent me imply that I am a criminal, which I am not. I have written to HMRC expressing my concern and I get nothing back, not even answers to basic questions. This all feels like extortion!
- C. They said I could make a counter offer for them to consider, but both times my offer was rejected. Then it was added any offer made by me would not be accepted unless it was the full amount. What was the point of me even making an offer in the first place? I informed the HMRC I have an e-mail from the original provider that the scheme I used was tax legit. But they said the onus is on me and not the scheme. I informed them I have health issues and get heart palpitations. I can't sleep at night. I suffer depression. It's taken an emotional toll on my family. Again they had no empathy and said I need to pay the full amount. They refer to my scheme as disguise remuneration. I never hid anything or broke any law. I am not a criminal. They said we couldn't disclose if we are going after the scheme providers or not. This is clearly a lie, as they are not going after them but rather individuals.
- D. The whole tone of the initial letters were aggressive and threatening and I was made to feel like a criminal. I sent many letters to HMRC, they never replied and lost correspondence. When I phoned I had to wait an hour to get through on several occasions. I found the staff unsympathetic. I dreaded the post arriving for fear it was another unexpected tax bill. My health as been affected by all of this, it's not just stressful it's life changing, I've suffered depression and was unable to function. Worrying how I was going to pay these huge bills. I feared losing my home and bankruptcy, for the last year until I knew my total liability. Now I face losing my lifetime of savings, my pension, my children's university fund, The money I'd promised to use to give my mum for respite care for cancer treatment for my dad who has dementia. So I have a grim future of living hand to mouth ahead of me. All my hard work to build savings so I wasn't a drain on the state will soon be gone.
- E. It is generally aggressive with an accusatory tone, the inference being that I have done something wrong when in fact everything I did was entirely legal. This is clearly intended to make one feel guilty. It is also the constant use of the entirely

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meaningless phrase 'disguised remuneration' that is misleading as there was nothing disguised about it.

- F. I am a novice when it comes to all this and trusted the promoter. HMRC are using a lot of terms which they expect people to understand with no understanding of how this is affecting me mentally and the stress it's causing