



Jesse Norman MP  
Financial Secretary to the Treasury  
HM Treasury  
1 Horse Guards Road  
London  
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4<sup>th</sup> December 2020

Dear Mr Norman,

**Oral Treasury Questions – Tuesday 1<sup>st</sup> December – two factual errors**

We are writing to you following Treasury Questions on 1 December.

In your answers to parliamentary colleagues, you made two serious factual errors which must be corrected as they involve giving incorrect information to the House of Commons.

**1. Your response to Stephen Hammond MP**

Stephen Hammond asked:

“Given that HMRC has now recognised that many of these people were victims of mis-selling, is it not time to have another review of the people who have been mis-sold these schemes, and would it not be right and appropriate for those who mis-sold the schemes to make some contribution to those demands?”

In your response you stated:

“My hon. Friend may have noticed that we have been taking very vigorous action against promoters of tax avoidance schemes—most recently, in an announcement we made last week, HMRC and the Advertising Standards Authority are getting together to crack down on misleading promoting of tax avoidance schemes”.

This is not true. There has been no “very rigorous action” against promoters of tax avoidance schemes as you are well aware, indeed as you have admitted. We presume that what you meant to say is that you are introducing proposals to take action in the future (as per the second half of your statement), but this is not what you said. Instead you stated that “we have been taking very vigorous action” and thus you misled the House of Commons and will no doubt want to correct the record.

To remind you of the reality:

- No promoter/operator of a scheme now subject to the Loan Charge has faced criminal charges (never mind prosecutions or convictions) for promoting / operating schemes subject to the Loan Charge.

- No promoter of a scheme now subject to the Loan Charge has paid anything towards to the tax HMRC say is due. All of this is being demanded of individuals.

So there has been no action, never mind any “vigorous” action. This is one of the central injustices of the Loan Charge Scandal: That the Treasury and HMRC have (using the threat of the Loan Charge and associated APNs) ruthlessly pursued those who used the schemes (and as Mr Hammond said were mis-sold such schemes) whilst doing nothing at all to pursue or demand money from those who mis-sold the schemes to them. Please don’t misrepresent this reality, as you did, as it is a fundamentally important point.

Disappointingly, as the Loan Charge APPG have raised, HMRC have on several occasions tried to give the false impression of action against promoters of schemes now subject to the Loan Charge for promoting these schemes, when there has been no such action.

You yourself admitted that the Government and HMRC have not pursued promoters and that you have no intention of doing so. On BBC Politics Live in July 2019 you stated:

“The difficulty is that unless they’ve done something that is actually illegal, it is very hard and of course we’re not seeking in any case to pass retrospective legislation that would allow us to go after those promoters”.

As the Loan Charge APPG have said (in their letter to Jim Harra, Chief Executive and Permanent Secretary of HMRC, dated 28 February 2020)

“The reality remains that those who promoted, sold and recommended loan schemes now subject to the loan charge have not been asked to pay a penny for doing so; whereas those they promoted, sold and recommended the schemes to are facing huge, and in many cases life-ruining, bills”.

So your response to Stephen Hammonds was incorrect and gave a false impression that there has been action against promoters of loan schemes for promoting these schemes when there has clearly not been.

## **2. Your response to Gareth Bacon MP**

Gareth Bacon MP asked:

“I thank my right hon. Friend for his answer. In circumstances where process failings, errors and delays on the part of HMRC effectively denied people the possibility of settling their claims by 30 September, will he commit to offering an extended settlement period to allow individuals the chance to settle their debts?”

In your response you stated:

“As my hon. Friend will know, the settlement date has already been extended by eight months. That was a very important recognition of the impact of Covid and has given individuals the chance to settle their schemes. He should also be aware that we do not merely seek to support those who are settling; we are also taking robust action against promoters and other enablers of tax avoidance schemes”.

However the reality is that the decision to delay the settlement deadline (the Loan Charge declaration date) was taken on 20<sup>th</sup> December 2019, in the Government’s response to the Morse Review. So it was patently **not** taken as “an important recognition of the impact of Covid”. Saying it was is clearly false, but also allows you to give the misleading impression that you and the Treasury have taken into account the dreadful impact the Covid restrictions have had on many people facing the Loan Charge and their businesses. In reality, you have shown a typically callous and cold-hearted attitude and have taken absolutely no account of the fact that many people facing the Loan Charge have also had the huge distress of losing their incomes and businesses. Indeed not only have you not taken any action to recognise the impact of Covid, but you and the Chancellor ignored the pleas of 129 cross-party MPs who urged you to delay the 30<sup>th</sup> September date, due to the Covid pandemic, in [their open letter of 18th September](#). We note that both Stephen Hammond and Gareth Bacon signed this letter. So we need to ensure that Mr Bacon is not misled by your false statement in the House of Commons, designed to give the false impression that you delayed anything due to Covid, when you flatly refused to, despite knowing the situation people are in and the strength of feeling of MPs.

In summary you have made two wholly incorrect statements related to the Loan Charge in one question time session. Considering that you are well aware of the criticisms of the continual disinformation over the Loan Charge from HMRC and the Treasury, both you and your predecessor as Financial Secretary of the Treasury (who was subsequently dubbed “MisLeader of the House of Commons by the respected journalist Paul Lewis as a result) this is unacceptable. Whilst we accept that on this occasion these two errors may well have been slips of the tongue, with the serious concern expressed including by MPs and journalists of ongoing disinformation, you will no doubt want to approach the Speaker to correct the record.

Yours sincerely,



Steve Packham  
Spokesman & Executive Director



Andrew Earnshaw  
Executive Director

*On behalf of the Loan Charge Action Group*

cc Stephen Hammond MP  
Gareth Bacon MP