



Alistair Carmichael MP
House of Commons
Westminster
SW1A 0AA

30th January 2021

Dear Mr Carmichael,

Unacceptable and misleading answer to your Parliamentary Question

We are writing with regard to your written Parliamentary Question to the Treasury, tabled on 25th November, relating to what estimate he has made of the number of people who will be declared bankrupt as a result of the implementation of the Loan Charge.

We thank you for this and for continuing to challenge the Treasury regarding the Loan Charge. Unfortunately, the answer from the Financial Secretary to the Treasury, Jesse Norman, on 4th December, fails to answer the question you were asking and worse than that, is disingenuous and an attempt to mislead.

You asked (UIN 120816):

What estimate he has made of the number of people who will be declared bankrupt as a result of the implementation of the Loan Charge.

Jesse Norman answered:

‘HMRC do not want to make anybody bankrupt, and insolvency is only ever considered as a last resort. HMRC will work with individuals to reach sustainable and manageable payment plans wherever possible. In line with current practice, HMRC will pause recovery action where a taxpayer has no ability to pay, until there is a significant change of circumstance.

HMRC are not always the only creditor and some individuals may choose to enter insolvency themselves based on their overall financial position.’

Your question asked what *estimate* has been made of bankruptcies that will happen due to the retrospective Loan charge. This has been completely ignored. Mr Norman clearly should have reported to you that he is well aware there are people facing the Loan Charge who have gone bankrupt and given the figures of how many. HMRC *will* hold this information because they will be primary creditors on any bankruptcies.

Therefore, rather than being honest and giving you this information, Mr Norman has merely stated they don’t want to make anyone bankrupt. The reality is that they have and they will continue to do so as time goes on. This is disingenuous and also misleading as it infers both that

they don't know about bankruptcies of people facing the Loan Charge (they do) and also suggests there may not have been any so far (there have).

Mr Norman states that HMRC will pause recovery action where a taxpayer has no ability to pay until their circumstances change. Many victims of the retrospective Loan Charge are well into retirement. Many due to the nature of the freelance sector are now out of work, some because of the Covid-19 pandemic. There is no certain financial future ahead for these people so if their circumstances do not change this can only leave the 'debt' hanging over them in perpetuity. The last thing these people have is their homes which HMRC say are not under threat. We know categorically that is not the case as many have taken out equity on their homes (under the extreme pressure they have faced to clear this alleged 'debt) or will have to live with a charge on them if ever they should sell them or of course die. This leaves their families in a desperately precarious situation through no fault of their own.

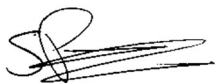
Unfortunately, this is routinely typical of questions on the Loan Charge and typifies the way that both HMRC and the Treasury have consistently misled MPs and peers over the Loan Charge and associated matters, something that the Loan Charge APPG has continuously raised. This campaign of disinformation continues to give a false picture of the Loan Charge, its reality and its impact, and is preventing HMRC being held answerable or accountable for their continued inaction, mismanagement and failures.

We thank you once again for asking these questions and we trust that you will continue to challenge HMRC and the Treasury over the Loan Charge, demanding that their answers are honest and complete, providing supporting evidence where necessary, all of which are regrettably conspicuous by their continued absence.

Please do not hesitate to ask or to make contact with the Loan Charge APPG, for any assistance or advice on the issue via contact@loanchargeappg.co.uk.

Thank you again and best wishes,

Yours sincerely



Steve Packham
Spokesman & Executive Director



Andrew Earnshaw
Executive Director

On behalf of the Loan Charge Action Group