



Greg Smith MP  
House of Commons  
Westminster  
SW1A 0AA

9th February 2021

Dear Mr Smith,

**Unacceptable and misleading answers to your Parliamentary Question**

We are writing with regard to your written Parliamentary Questions to the Treasury, all tabled on 11th January, relating to the number of both armed forces veterans and medical professionals affected by the Loan Charge and in addition what steps HMRC is taking against umbrella companies who advised their clients to use disguised remuneration schemes.

We thank you for this and for continuing to challenge the Treasury regarding the Loan Charge. Unfortunately, the answers from the Financial Secretary to the Treasury, Jesse Norman, on 19<sup>th</sup> January, fail to answer the questions you were asking and worse than that, are disingenuous and an attempt to mislead.

**You asked (UIN 136070):**

**What estimate his Department has made of the number of armed forces veterans that (a) are subject to or (b) have settled to avoid being subject to the Loan Charge.**

**You also asked (UIN 136072):**

**What estimate he has made of how many medical professionals are (a) subject to or (b) have settled to avoid being subject to the Loan Charge.'**

Jesse Norman answered for both of your questions:

'HMRC do not hold the requested estimates and do not routinely collect data on profession.'

Your questions asked what estimate his Department has made of the number of armed forces veterans that (a) are subject to or (b) have settled to avoid being subject to the Loan Charge and what estimate he has made of how many medical professionals are (a) subject to or (b) have settled to avoid being subject to the Loan Charge.'

Mr Norman has stated that "HMRC do not hold the requested estimates" However, there is reference to sectors in the below link on the Gov.uk website.

<https://www.gov.uk/government/publications/loan-schemes-and-the-loan-charge-an-overview/tax-avoidance-loan-schemes-and-the-loan-charge#who-affected>

The reality is that, whilst HMRC may not have the exact figures for those who have settled and haven't settled by profession, Mr Norman's answer deliberately fails to share the fact that the Treasury's own estimates did indeed acknowledge that there were people in both the medical professions and the armed forces who were facing the Loan Charge. Mr Norman clearly should have referred to this in his answer and it is disappointing, but not alas surprising, that he did not and instead did his usual, trying to deflect and evade any questions on the Loan Charge".

As well as the wider group of affected victims, the retrospective Loan Charge does indeed affect both NHS workers returning to the front line to fight the pandemic and veterans who have fought for our country. What a way to persecute these people for their services. The contrived and retrospective Loan Charge affects a variety of working sectors across the board. It is equally devastating no matter what industry you work in. HMRC knows that everyone thinks those who work in medical services and teaching and the armed forces etc deserve sympathy. HMRC is relying on people thinking that those who work in business services do not deserve sympathy. How is this living up to their own mantra of treating all taxpayers equally?

**You also asked (UIN 136071):**

**What steps HMRC is taking against umbrella companies who advised their clients to use disguised remuneration schemes.**

Jesse Norman answered:

"The Government and HM Revenue and Customs (HMRC) are determined to continue to tackle promoters and operators of tax avoidance schemes. This includes challenging the entities, including umbrella companies, and individuals who promote disguised remuneration schemes.

Umbrella companies advising individuals to use disguised remuneration tax avoidance schemes are treated as promoters or enablers by HMRC. Where appropriate, they are subject to the range of measures laid out in HMRC's strategy for tackling promoters of tax avoidance schemes, published on 19 March 2020. The strategy sets out HMRC's work to date and outlines how HMRC will continue to take robust actions against promoters of tax avoidance. The Promoter Strategy is available on GOV.UK.'

Mr Norman states that HMRC will "*continue* to take robust action against promoters of tax avoidance" when HMRC know full well that they have not taken any robust action whatsoever, either to pursue promoters or to shut down schemes, which continue to be marketed openly. This is not something that they can 'continue', so the inclusion of that word is an attempt to give a false impression and deceive.

No reply whatsoever on those umbrella companies who actually *advised* their clients to use disguised remuneration schemes at all. Nothing.

The reality is that those who promoted, (mis)sold and recommended loan schemes now subject to the loan charge have not faced any criminal pursuit, have not been fined and 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.

Jesse Norman himself admitted that the Government cannot prosecute anyone unless they retrospectively change the law – and has confirmed that they do *not* intend to do so. On BBC Politics Live in July 2019 Jesse Norman stated the reality and what he should have said in his reply to you, if he was being honest:

“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”.

Yet, this is precisely what the Government did to ordinary people mis-sold schemes by creators and promoters, as well as confirming the truth that the Government has no intention of doing anything to pursue those who mis-sold and promoted loan schemes.

The reality is that the Government passed retrospective legislation to go after the people who were victims of mis-selling, ruining many lives, pushing people to bankruptcy and mental breakdown. Tragically, there have been at least seven suicides resulting from this devastating and retrospective policy. The double standards in the way that the Government and HMRC are treating ordinary people, the victims of mis-selling compared to the way they are doing nothing to tackle mis-selling is shameful, especially when the Treasury and HMRC are well aware who these promoters are.

Mr Norman also refers to the strategy published of how the Government and HMRC intend to clamp down on promoters going forward, **yet there is nothing in those proposals with regard to taking action against those who have already mis-sold schemes subject to the Loan Charge, which is what you asked.**

It is simply not honest for Mr Norman to keep answering questions of what action has been taken against promoters of schemes subject to the Loan Charge by talking about proposals, not yet even agreed, to try to stop scheme promoters going forward.

Post 2010 taxpayers were continually given assurances by reputable advisers and even by HMRC with regard to their use of the schemes. The loan arrangements were advertised and backed by chartered accountants, QCs and even the Big Four accountancy firms. Taxpayers were even directly assured by HMRC staff that the arrangements were HMRC compliant and tax returns were approved without enquiry. Was this making it clear to taxpayers that anything was wrong? HMRC has to be held to account for its failure to effectively communicate and subsequently in practice giving the green light to taxpayers to continue using the schemes, with no direct warning that anything was untoward, allowing them to accrue unaffordable debts and huge amounts of interest.

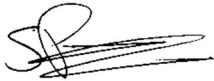
Unfortunately, this is routinely typical of questions on the Loan Charge and typifies the way that both HMRC and the Treasury have consistently misled MPs and peers over the Loan Charge and associated matters, something that the Loan Charge APPG has continuously raised. This campaign of disinformation 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](mailto:contact@loanchargeappg.co.uk).

Thank you again and best wishes,

Yours sincerely



*Steve Packham*  
Spokesman & Executive Director



*Andrew Earnshaw*  
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*On behalf of the Loan Charge Action Group*