



The Lord Morse KCB
House of Lords
London
SW1A 0PW

4th February 2022

Dear Lord Morse,

Lack of response to our letter sent in October about evidence not known at the time of your Loan Charge review

We are writing to you, once again, due to the fact that we have still not yet received a response to our letter to you of 21 October 2021.

Our letter went into considerable details, all of which are pertinent not only to us, the Loan Charge Action Group, but to a huge sector of the general public all who remain seriously affected by this unjust and retrospective policy. We are both surprised and disappointed not to have had a response from you, or even an acknowledgement.

As you know, Greg Wright the Deputy Business Editor of the Yorkshire Post, who has taken a keen interest in the Loan Charge, has tried to contact you five times to find out if and when you intend to respond, yet you have not so far replied to any of his calls or messages.

You met with a number of people facing the Loan Charge, including members of the LCAG, all who were vulnerable, frightened and quite frankly desperate at the life-ruining bills they face, with no right to challenge them, nor access to the normal legal process. They felt the weight of responsibility to try to represent so many thousands of others who are affected by this nightmarish situation that we all long to wake up from. They felt that you were empathetic and wanted to do what you could to right this wrong.

The simple fact is that the majority of people facing the Loan Charge have not been helped by your review at all and now face bankruptcy with HMRC set to enforce it this year, as well as many people having settled on unfair and draconian terms to avoid it. Now that it has been proven beyond any reasonable doubt that the law was not clear, you surely must be prepared to acknowledge this and back calls for a further review (one not staffed or influenced by HMRC or the Treasury) and most importantly, a genuine resolution to the situation people are in, something that alas, despite your apparent intent, your review failed to recommend.

We have been told, on more than one occasion, that you are a man of integrity and we would presume and hope that you will look fully and properly at the considerable amount of evidence that has emerged since you conducted your review, that means that some of your conclusions were flawed and therefore must be revisited. If you require more time to study this evidence, then of course we understand that, please just send us an acknowledgement to that effect.

In addition, you need to be aware of – and we hope will comment on – the clear and deliberate way in which HMRC have undermined and failed to honour your recommendation to refund those who had made payments for pre-2010 loans, that you ruled out of scope of the Loan Charge.

HMRC quote grand figures of how many people will have their 'liabilities' reduced as a result of your review. Yet the reality is very different. The below mentioned Freedom of Information response show that just 740 people have received their hard-earned money back as a result of your review. That is hardly the thousands that were promised.

In addition, you made clear that if people had 'disclosed correctly' post 2016 that they would not be in scope of the Loan Charge.

"I therefore recommend that taxpayers who made reasonable disclosure of their scheme usage, but for whom the relevant year is unprotected, should not have that Unprotected Year included in the scope of the Loan Charge. Those taxpayers who did not make reasonable disclosure, and for whom the relevant year is unprotected as a result, should have that Unprotected Year included in the scope of the Loan Charge. From March 2016 onward – when the Loan Charge was announced – HMRC made a reasonable assumption that they need not continue protecting years in which they identified usage of loan schemes. I am therefore also recommending that Unprotected Years from the start of the 2016-17 tax year onwards should continue to automatically be within the scope of the Loan Charge."

See

https://www.whatdotheyknow.com/request/745869/response/1909878/attach/3/20211105%20FOI2021%2024050.pdf?cookie_passthrough=1

The same FOI response shows that just 10 people meet these criteria.

Since conducting this review you have been made a Lord and, of course now, a Parliamentarian with the duty of scrutinising legislation and the Government, including HMRC and the Treasury. Due to the fact that it is clear that key evidence was withheld from you at the time of your review and that it is now clear that HMRC are not even implementing the recommendations you did make, you must surely be prepared to speak up publicly about this, to avoid you yourself facing criticism.

We hope therefore, to receive a full reply, or at least for now an acknowledgement that one will be sent once you have fully digested the contents of our previous letter and the significant amount of evidence contained within it. This is all now freely in the public domain, unlike in 2019. We do require a response from you, as an appointed public servant and Parliamentarian and do not wish to receive a reply from the Treasury or HMRC on your behalf as we are both writing, and appealing to you, as an individual and a Parliamentarian.

We look forward to hearing from you.

Yours sincerely,



Steve Packham
Spokesman & Executive Director



Andrew Earnshaw
Executive Director

On behalf of the Loan Charge Action Group

Cc The Loan Charge and Taxpayers APPG
All members of the House of Lords Economic Affairs Committee
All members of the House of Commons Treasury Select Committee
James Murray MP, Shadow Financial Secretary (Treasury)