



Andrew Griffith MP
Financial Secretary to the Treasury
HM Treasury
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20th September 2022

Dear Andrew,

Please carry through your convictions and review the dangerous Loan Charge

We offer our congratulations on your appointment as Financial Secretary to the Treasury, a very important position in Government. We wish you well with your new role and responsibilities.

We are delighted at your appointment, as someone who, whilst serving as an MP, has been clear in your opposition to the Loan Charge and has called in a Parliamentary debate for the Government to resolve it. You directly called for an amnesty for those facing the Loan Charge, other than “the most egregious cases of abuse”. You stated in the debate on the Finance Bill in April 2020:

*“To focus on the future, we must release time and energy by not refighting the battles of the past. That means dealing with historical issues, such as properly compensating Equitable Life policy holders, many of whom were doctors and nurses, and **giving an amnesty for all but the most egregious cases of abuse in respect of the loan charge.** The only way to truly rebuild the economy is with an enterprise-led renaissance, as only business can create real jobs, opportunities and prosperity”.*¹

We are therefore now hopeful that you will carry this through - and work with the Prime Minister and colleagues to finally resolve the Loan Charge scandal, that has dogged the Treasury and shamed HMRC for the last four years, when the first Loan Charge suicides took place.

What you called for is essentially the same as what the sector professionals Loan Charge resolution proposal calls for. They have stated, *“The proposed settlement opportunity would not be intended for individuals who knowingly took a risk with a tax avoidance scheme, but for contractors and freelancers - gig economy workers - many of whom were either inadvertently dragged into these schemes or who were inadequately advised of the risks”*. This should apply also to those working through limited companies, as Directors, who equally were advised to set up their companies’ arrangements in this way.

We are reaching out to you to implore you and the Treasury to look afresh at the Loan Charge and to accept the dangerous reality of this ill-considered policy, which didn’t have an adequate or honest impact assessment and was not properly explained to Parliament when it was introduced. We are asking that there is a new review into the whole Loan Charge Scandal - one that is genuinely independent of the Treasury and HMRC and not directed and restricted in its remit as the previous Morse Review was. Most of all, we are asking that you agree that there must be a full and final resolution to the whole mess, that avoids the many bankruptcies and further suicides and also allows the Treasury and HMRC to focus on other more pressing

¹ <https://hansard.parliament.uk/Commons/2020-04-27/debates/C37146D2-C2C0-4146-A015-E038C1E439DA/FinanceBill?highlight=loan%20charge#contribution-591063B9-84FE-41D2-AFD6-A1B9819972F6>

matters, such as the cost-of-living crisis, the energy crisis, ongoing COVID support and the need to tackle inflation and avoid recession.

The Prime Minister, Liz Truss, herself said on 18th August at a meeting in Croydon how appalled she is about the nine confirmed Loan Charge Suicides and has said that this must be looked into. This in itself lays the foundation for a proper review, including of how such a policy was ever implemented and why the impact assessment was so dangerously flawed. She stated, in response to a question about the suicides at a meeting during the leadership campaign:

“It is appalling to hear about that and the way the whole situation has been handled has been very poor in my view and we’ll look at what we can do on that specific issue and we’ll also make sure as part of our tax review we’re looking at IR35 and the impact that’s had because again, the people who are self-employed do not get the same benefits as people who are on Pay As You Earn so we should be doing what we can to help those people but I’ll certainly look at that and it’s very very tragic, I think, that this has happened”.

The Prime Minister herself has been scathing about the way the whole situation has been handled, which is why the whole situation must now be reviewed, properly and independently.

As someone who had a senior position in Sky, you may or may not be aware that Sky was one of the many blue-chip UK companies that engaged contractors who used the schemes that the Government retrospectively taxed. Ironically, as you may recall from the work of the APPG, so too did HMRC, making an absolute mockery of their ludicrous claim that ‘they have always been clear’. In truth they failed tens of thousands of people, whose tax returns they signed off (with scheme usage declared in many cases). If they were so clear that the schemes were wrong, they could have told people to stop using them. In some cases, people asked HMRC directly themselves about scheme usage and were not told that they should not use them (indeed in some cases they were told that the arrangements were not a problem). Yet HMRC have now rewritten history, claiming they were always clear and that despite them failing to collect tax at the time or even to open enquiries in many cases, they pushed through a *clearly* retrospective tax policy allowing them to go back and demand tax where none has legally been proven to be due and when otherwise they would not be able to demand it, therefore overriding normal taxpayer protections.

Despite another part of their patently dishonest rhetoric, HMRC have done nothing at all to pursue those who recommended, promoted and operated these schemes. They have not demanded a penny of the disputed tax from them, despite being well aware that all involved in the industrial scale promotion of these schemes, including professional advisers who were on commission, made considerable sums of money from doing so (all the while giving cast iron assurances as to their legality and compliance with HMRC and tax law).

The Government say that there has been an independent review of the policy, but the truth, as exposed through internal emails, is that it was *not* independent. Further revelations have also demonstrated beyond any reasonable doubt, that the key conclusion of the Morse Review – that the law was clear from December 2010 – is simply wrong. It demonstrably (and indeed legally) was not – and only became clear and established by the Supreme Court in 2017 (and crucially then established that *employers*, not employees, are liable for any tax due, something that HMRC have admitted they can’t find legal precedent to overturn).

We made clear to your predecessor, when she was appointed, that lives depended on her taking a different course and properly reviewing and then resolving the Loan Charge. We warned her, in a letter, that lives depended on her doing so. Disgracefully, she did not do so and even worse, she refused to engage with the independent sector professionals who proposed a fair resolution and failed even to have the courtesy to reply to their letter. She herself has confirmed that the ninth person impacted by the Loan Charge had committed suicide, making her refusal to change course both reckless and downright callous.

It remains the case that if the Government doesn't change course, and if HMRC enforces the Loan Charge, thousands of UK families face ruin and there will inevitably be further suicides, following the already tragic and unnecessary deaths of nine people who were pushed to take their own lives due to facing the Loan Charge.

The truth is, that we are ordinary people. We are trapped in this nightmare simply for following professional advice in seeking to work in a compliant manner and avoid being caught by the utterly flawed 'IR35' legislation that was introduced by Labour in 1999 and never repealed; indeed it was extended by the Conservatives when in Government despite having criticised it so vehemently in opposition. We are IT professionals, nurses, doctors, armed forces veterans, oil and gas workers. We are wives, husbands, mothers, fathers, sons and daughters. We are people that have worked hard all our lives and contributed to the economy and to public service, but now we face ruin. We are also relatives of people who have taken their own lives. We are volunteers who have spent hours on a volunteer helpline to prevent further tragedies, something that Government should be doing and something that has had a significant toll on mental health.

We urge you to stick to your principles and not fall into the depressing and demeaning trap of becoming a robotic puppet for the discredited HMRC and Treasury propaganda, as your predecessors have done. The role of the Financial Secretary to the Treasury is supposed to be a role of holding HMRC to account. Instead, your predecessors have completely ignored this vital democratic role and instead acted as mouthpieces for an out-of-control and poorly led tax authority, that urgently needs reform. Please be the person to make the difference. Please be the person to give us back our lives and restore our faith in this Government.

As well as welcoming you to your role, we are also heartened at the fact the new Economic Secretary to the Treasury, Richard Fuller MP, made clear his serious concerns in a debate on the Loan Charge in March 2020 that HMRC have been dictating to the Treasury and also that HMRC are failing to deliver a fair and trusted system:

"My hon. Friend puts his finger on one of the core points. Who is running the show here? Is it HMRC, or are the Government making sure that law on this matter is paramount? Does he not find it ironic that HMRC's annual report this year says that HMRC wants a system that can "be trusted and seen to be fair, with the right safeguards in place to protect customers"? Does this case not show that it is falling woefully short of meeting that ambition?"²

He is quite right in what he says. We hope that with both your and his appointments, we will at last see a new and honest approach from Treasury Ministers to this whole issue.

We hope that the new Treasury team will show the leadership so desperately needed and stop falling for HMRC's dishonest propaganda, which covers their own failings whilst deliberately demonising people who they know, merely took professional advice on how to operate as contractors, freelancers, contingency workers and directors. It is time for the Treasury Ministers to instil some much-needed integrity into the whole handling of this scandal and to not only resolve the ongoing mess but also ensure that such a draconian and dishonourable policy failure cannot happen again. We hope that with your appointment and the appointment of Richard Fuller and the election of Liz Truss as Prime Minister, that Treasury Ministers will finally see the reality of the Loan Charge and what it has done, and will continue to do, to people and their families and agree action is needed.

We would be happy to meet with you and with the Economic Secretary to the Treasury so you can hear from the people who are impacted the reality of how we were mis-sold arrangements and how HMRC never questioned these arrangements for years, as well as giving you the basic reality that we simply cannot afford

² <https://www.theyworkforyou.com/debates/?id=2020-03-19a.1191.0#g1204.2>

the sums being retrospectively demanded of us, for arrangements we were told were perfectly legal and compliant.

We conclude by again warmly welcoming you to your new role. We wish you well and hope that you will work with colleagues to finally right this wrong and engage properly with MPs, professionals, and Loan Charge victims to resolve this whole scandal.

Yours sincerely,



Steve Packham
Spokesman & Executive Director



Andrew Earnshaw
Executive Director

On behalf of the Loan Charge Action Group