



Richard Fuller MP
Economic Secretary to the Treasury
HM Treasury
1 Horse Guards Road
London
SW1A 2HQ

20th September 2022

Dear Richard,

Please carry through your convictions and hold HMRC to account

We are writing to you, as Economic Secretary to the Treasury, to urge you and fellow Treasury Ministers to carry through with your convictions and to change the relationship between the Treasury and HMRC.

We were delighted when you were appointed in July, as someone who, whilst serving as an MP, made clear your serious concerns in a debate on the Loan Charge in March 2020 about the way HMRC have been allowed to dictate to the Treasury and have failed to act in a fair or trustworthy way. You stated:

“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?¹”

It is our understanding that there is a change of responsibilities and that responsibility for oversight of HMRC (and for the Loan Charge) will be given to you, as opposed to the Financial Secretary to the Treasury. We hope that you will therefore stick to your strong and correct view of HMRC’s conduct and act accordingly. We also hope that, as someone who has spoken up against the Loan Charge, you will agree to work with fellow Treasury Ministers to seek to resolve it, and thereby avoid many bankruptcies and further suicides, following the nine tragic deaths confirmed by the previous Financial Secretary to the Treasury.

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 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 has 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 how such a policy was ever implemented and why the impact

¹ <https://www.theyworkforyou.com/debates/?id=2020-03-19a.1191.0#g1204.2>

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.

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 very 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).

It remains the case that if the Government doesn’t change course, and if HMRC enforces the Loan Charge, then 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 a 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 simply becoming a robotic puppet for the discredited HMRC and Treasury propaganda, as your predecessors have done. The role of 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 by the fact that the new Financial Secretary to the Treasury, Andrew Griffith MP, who has been a member of the Loan Charge and Taxpayer Fairness APPG, previously called for an amnesty for those facing the Loan Charge, other than “the most egregious cases of abuse”. He 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”.*²

We are greatly encouraged by this very clear and powerful statement and hope that together with your appointment – and that of the Chancellor – we can at last see a new and pragmatic approach from the Treasury both to the Loan Charge and also to oversight and reform of HMRC to avoid such a scandal happening ever again.

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 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 act so such a draconian and dishonourable policy failure cannot happen again. We hope that with your appointment and the appointment of Andrew Griffith 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 desperately needed.

We would be happy to meet with you and with the Financial 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 the sums being retrospectively demanded of us, for arrangements we were told were perfectly legal and compliant. We also urge you to engage with the group of tax sector professionals who have proposed a resolution to the Loan Charge scandal, that will not only end the nightmare for thousands of UK families, but will also finally end the huge burden and political embarrassment that this discredited and failed policy has caused both to HMRC and to the Treasury.

We conclude by again warmly welcoming you to your important 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

² <https://hansard.parliament.uk/Commons/2020-04-27/debates/C37146D2-C2C0-4146-A015-E038C1E439DA/FinanceBill?highlight=loan%20charge#contribution-591063B9-84FE-41D2-AFD6-A1B9819972F6>