



James Murray MP  
Shadow Financial Secretary (Treasury)  
House of Commons  
London  
SW1A 0AA

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Dear James,

**Government/HMRC ignoring promoters whilst persecuting those mis-sold – your Treasury question**

We wish to thank you on behalf of all our members for your excellent question at Treasury Questions last week. This is hugely appreciated by the thousands of people facing the nightmare of the whole Loan Charge Scandal.

You were absolutely right in highlighting the complete double standards displayed by this Government and by HMRC when it comes to the way they have taken no meaningful action whatsoever against promoters and operators of the schemes now subject to the Loan Charge/HMRC action, whilst pursuing those who were mis-sold these schemes to the point of bankruptcy and suicide.

The Loan Charge and HMRC's whole approach to past use of widely recommended tax arrangements **has now caused 10 suicides** (and there are known/documentated cases of further attempted suicides). There have been numerous references to the suicide risk and suicides in Parliament and yet the callous approach shown by successive Ministers appears more interested in defending a discredited approach than in stopping people killing themselves.

The answer from the Financial Secretary to the Treasury, Victoria Atkins, was an attempt to try to give the impression that they and HMRC are taking meaningful action against scheme promoters, when that simply isn't the reality.

She cited that HMRC now name schemes and promoters online, as if this deals with the problem. It has recently emerged that under the Finance Act 2021, names are only added for a year, then removed, which is a farce. In any case, naming schemes and operators does nothing to help those hit with life-changing bills for having used them, having been recommended to do so and having been assured they were fully legal and compliant.

In January, HMRC named three schemes linked to billionaire Doug Barrowman (who is married to Conservative peer Michelle Mone). So what? He and others linked to these companies are not being pursued by HMRC in relation to promoting or operating these schemes, nor being asked to pay a single penny of the disputed tax (even though these promoters/companies made millions of pounds from the administration fees charged to the workers and directors who were recommended to use them). He continues to be free to enjoy his vast personal wealth, whilst those who used these and similar schemes (having been told they were entirely legitimate and compliant) are facing ruin. It is known that at least two of the ten Loan Charge suicides were of AML clients – and yet HMRC continues to pursue them ruthlessly, whilst doing nothing of any significance about the scheme promoters and operators, despite their misleading press releases.

The Financial Secretary also referred to HMRC issuing Stop Notices. This again, will have no impact. Any promoter in receipt of a Stop Notice will of course stop that particular scheme, dissolve associated companies and disappear (as has been a common pattern).

What the Government and HMRC should of course be doing – and could if they really wanted to stop promoters – would be to stop the schemes in the first place, BEFORE they dupe people into using them and later being hit with unexpected and unaffordable bills. That is the only action which is meaningful, but HMRC have a dreadful record of failure in that regard of failing to shut down schemes, failing to warn people and even signing off years of tax returns without raising any issue, in many cases.

HMRC could and should have been acting already to do all these things, but failed to do so, leaving taxpayers entirely vulnerable to those profiting from promoting and recommending schemes. Moreover, HMRC admitted in 2020 that promoters of tax schemes can be prosecuted under existing laws but having failed to prosecute any, are now proposing *“a new criminal offence to apply to promoters who continue to promote tax avoidance schemes specified in a ‘Stop Notice’”*. Yet a Stop Notice makes it unlawful for a person subject to the notice to continue to promote the scheme subject to the notice *only*. So HMRC’s proposed new criminal offence for promoters for failing to comply with a Stop Notice will not apply if the same promoter promotes new or different schemes! Another farce! As tax lawyer and commentator (and former member of HMRC staff) Osita Mba said about this, the reality of the proposed new law is *“stop cheating the public revenue (and defrauding your clients) with this scheme. But you’re free to cheat the public revenue (and defraud your clients) with other schemes until we ask you to stop!”*.

So more tough sounding talk, but utterly meaningless and what is more, once again does absolutely nothing to help those who were recommended and mis-sold these schemes, who HMRC will continue to pursue ruthlessly, regardless of the fact that they took, and followed, professional advice or were duped into using these schemes (and in some cases were obliged to use them by recruiters/umbrella companies).

The simple reality that this Government and HMRC try to cover up is that at the same time ten people have taken their own lives facing HMRC action over these schemes, no promoter has been charged, never mind prosecuted, for promoting these schemes, nor is HMRC asking them to pay a single penny of the disputed tax, despite them raking in millions of pounds in fees and making large profits from doing so. One of the most galling things about the Loan Charge Scandal is that HMRC is demanding money that it knows people do not have, money that was paid in fees to these companies who promised to handle all their work administration and ensure their tax compliance. Another good question you might therefore ask is why the Government are not going after promoters for these fees and off-setting these against people’s bills, which are so clearly punitive and unfair, as well as unaffordable.

You might also ask why HMRC failed to do its duty under the agency rules, which obliges them to collect tax from employers – be they end clients or agencies – and is instead going after the workers who worked for them. Indeed in their recent discovery assessment letters, they admit that employers are liable, but they failed to collect this when they should have done, leaving workers facing life-ruining bills instead. It is notable that one of the end clients who engaged considerable numbers of contractors using loan arrangements was the Government itself, including ironically, HMRC. How can it be right for HMRC to have signed off their own contractor’s payslips and tax returns at the time, only to claim later they knew nothing about it and have no responsibility? The biggest irony, perhaps, is that the reason so many people became contractors is because end clients – companies and public bodies, including Government ones, were so keen to avoid having to pay employers’ taxes and took on self-employed contractors instead. Why is this wholesale tax avoidance on the part of blue-chip companies and the Government itself being ignored?

You might also join the Loan Charge and Taxpayer Fairness APPG in challenging senior HMRC officials, who disgracefully made a deliberate decision not to conduct a review into promoters, because they wanted to continue to target those who were advised and mis-sold their schemes. This extraordinary decision only came to light due to FOI requests, which have exposed so much of the whole Loan Charge Scandal. The [APPG wrote to First Permanent Secretary and CEO of HMRC Jim Harra](#) and asked five questions. Mr. Harra failed to answer any of those questions, which is alas typical of the way they and the Treasury have conducted themselves through this whole scandal. You might therefore ask Treasury Ministers why promoters have not been the focus of attention, when they clearly should have been.

We note that Victoria Atkins said that the Government wants workers “*to understand which promoters should be avoided*”. Alas for her, it seems that the Conservative Party isn’t very good at avoiding promoters and has been happy to accept donations from Mr. Barrowman and also from Lancaster Knox, one of the companies in the Knox Group, chaired by him. He and Conservative peer Baroness Mone even got married in the House of Commons. I wonder did she and her colleagues manage to avoid him whilst he was in the building?! The truth is that it is this Government and HMRC who have been ignoring promoters in plain sight, whilst ruthlessly pursuing their clients, to the point of suicide. It is shameful.

The reality is that the Government and HMRC have been all too happy to fail to act against those who promoted, operated, and recommended these arrangements because it is so much easier to go after ordinary workers, who cannot afford to defend themselves. In the words of a Past President of the Chartered Institute of Taxation (and a former HM Inspector of Taxes), Ray McCann, HMRC are pursuing “*a punishment strategy which is naive and lacks humility given the fact that every aspect of the tax system contributed to this mess*”. He is absolutely right and that is why Government, HMRC, promoters, and the professionals who recommended these schemes, must all take a share of the blame and therefore any tax liability, rather than heaping it all onto individuals who acted in good faith and demanding money from them that they never even had. It is unfair and it is dangerous, but it is also utterly futile, because people simply cannot pay the sums being demanded, which is why there have already been bankruptcies, mental breakdowns and, some people seeing no way out but to take their own lives.

Once again, we thank you for raising this issue, which as you said affects tens of thousands of people – and of course their families. We implore you and the Labour Shadow Treasury team to do what the Conservative government is failing to do and to stop the current approach and seek a resolution that avoids thousands of bankruptcies and more suicides. There needs to be a resolution that acknowledges the role of those who promoted, operated, and recommended the arrangements and the fact that HMRC failed to act at the time. We hope that the Labour Party will show it is on the side of workers who are being punished and ruined for putting their trust in others and agree instead to properly review and resolve this whole mess and hold to account those who caused it (promoters and employers) and those who failed to prevent it (HMRC) to account.

Yours sincerely,



Steve Packham  
Spokesman & Executive Director



Andrew Earnshaw  
Executive Director

*On behalf of the Loan Charge Action Group*