



Sir Keir Starmer  
Leader/Leader of HM Opposition  
The Labour Party  
20 Rushworth Street  
London  
SE1 0SS

29<sup>th</sup> May 2024

Dear Sir Keir,

### **Labour's commitment to a genuinely independent review into the Loan Charge Scandal**

We are writing to you, on behalf of the thousands of people facing this Government's draconian Loan Charge, about Labour's commitment to a genuinely independent review into the Loan Charge Scandal.

With the current polling, it seems very likely that you will become Prime Minister on 5<sup>th</sup> July. It will therefore be down to the new Labour Government to resolve the complete mess created by the Conservative Government, which has led to ten suicides, attempted suicides, breakdowns and bankruptcies. The Conservative Government cynically introduced a retrospective law that deliberately ignored those who made millions from mis-selling these schemes (including Conservative Party donors) and instead have ruthlessly pursued ordinary people to the point of suicide.

Shadow Chancellor Rachel Reeves made the unequivocal commitment to a genuinely independent review in February. We [wrote to her about this](#) at the time.

We wish to say a big thanks for this commitment and also to urge you and the oncoming Labour Government to conduct this review in your first year in office. We do of course realise how many priorities you will have, but with a risk of more suicides (and increasingly aggressive tactics from an out-of-control HMRC) a genuinely independent review into the whole scandal is needed as soon as possible.

We are heartened that the Labour Party and Labour MPs have listened to those caught up in this nightmare and have ignored (and indeed criticised) the dishonest propaganda spouted by successive Conservative Treasury Ministers and by senior HMRC officials, all of whom have colluded in the whole Loan Charge Scandal.

As you know, the Loan Charge and the Conservatives whole approach to this issue has led to 10 suicides (and there are known/documentated cases of further attempted suicides, with thirteen referred by HMRC to the Independent Office of Police Conduct). There have been numerous references to the suicide risk and suicides in Parliament and yet the callous approach shown by successive Conservative Ministers have only cared defending a discredited policy than in stopping people killing themselves.

While ten people have taken their own lives facing HMRC action over these schemes, no promoter has been charged, never mind prosecuted, for promoting them. 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*.

Senior HMRC officials actually took a *deliberate* decision not to conduct a review into promoters, because they wanted to continue to target only those workers 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.

*“Key questions for reviewers need to make clearer this is about individuals only. Again, I’d remove the explicit ref to repealing and say the reviewer should make recommendations to govt on actions to take.”*

*“To reiterate the individuals point, I would say something explicitly which is clear that the LC as applying to employers is not in scope of this review.”*

You will have been made aware of the damning report [published by Tax Policy Associates](#) laying out the extent to which Isle of Man based billionaire Doug Barrowman has profited from schemes now subject to the Loan Charge. It is notable that Lancaster Knox, one of the companies in the Knox Group, chaired by him, has donated substantial amounts to the Conservative Party. Mr Barrowman’s businesses tried to donate money to the Conservatives Party, but these were rejected by the Electoral Commission because he was an impermissible donor.

There is so clearly a need for **a proper, genuinely independent, and FULL review into the whole Loan Charge Scandal** and we are delighted that the Labour Party has committed to this.

The Morse Review, which was commissioned by the Government, was demonstrably not only not an independent review, but neither was it a review of the Loan Charge Scandal itself. The Loan Charge APPG [raised serious concerns](#) about the Terms of Reference and the fact that HMRC and the Treasury would be staffing the review – as well as concern about Sir Amyas Morse himself due to his past comments. As usual, the Government ignored all of this, yet still try to present the review as ‘independent’.

The Loan Charge and Taxpayer Fairness APPG [published a report](#) based on information exposed by Freedom of Information requests, that shows that the Morse Review was very clearly not independent. Since that report was written further evidence has been revealed by FOI.

The key points revealed were as follows:

- The remit/Terms of Reference of the review were decided upon and set by the Treasury and HMRC who deliberately restricted it to look only at individuals. It was clearly biased, as it started with a presumption of tax avoidance and an inference of guilt. It was restricted to being *“whether the Loan Charge, as it applies to individuals who have directly entered into disguised remuneration schemes, is an appropriate response to the tax avoidance behaviour in question”*. This therefore (deliberately) excluded looking at the role of promoters, umbrella companies, end clients and the conduct of HMRC (and their past failures and why they conceived the retrospective Loan Charge to cover these up). The discussions about the Terms of Reference were revealed by [this Freedom of Information response](#).
- HMRC and the Treasury sought to influence the review both from before the start of the review until the date that the final report was issued.
  - They restricted and interfered with the appointment of supposedly ‘independent experts’ advising the reviewer, and prevented the appointment of experts who were known to have expressed any negative views on the Loan Charge.
  - The Review secretariat team had an improperly close working relationship with HMRC and Treasury staff, including collaboration between the Treasury and the Review over

dealing with the press, in at least one case *lines* were provided for the review team/Sir Amyas to use.

- HMRC and the Treasury were given early access to the draft report and allowed to suggest changes.

HMRC themselves sought to restrict the review, Jim Harra, First Permanent Secretary and Chief Executive of HMRC, was copied into an email from a senior member of HMT [in an internal email](#) exchange where it is clear by their comments that they were seeking to restrict the Morse Review and to stop it being a complete and proper review of the whole issue:

***“No-one likes where we are but we do need to make a fist of restricting the scope of any review. The individuals idea is not without its issues but let's not overstate them. No MP or campaigner cares about the employer bit of this and I don't think it's hugely difficult to justify this approach. If we make it all sound impossible we'll be back to a review of everything which is the worst of all world's.”***

Worse still, the then Chancellor actually asked HMRC to work up the basis of the review, with a senior HMRC officer [telling colleagues internally](#):

***“Separately, as discussed, the Chancellor has asked us to work up, on a contingency basis, what the minimum form of an independent review would look like, in case the PM wants to proceed with one”.***

***“Welcome your views on what this should cover, but at the minimum it should set out something that that can reasonably be described as an independent review, but that minimises the spending/legislative/other risks that a review creates.”***

There were also later discussions with the supposedly independent reviewer, after [which a senior HMT official said](#):

***“I was relatively reassured...that in reality, he'll (referring to Amyas Morse) stay focused on individuals and not stray further.”***

The evidence is clear and overwhelming. It was not a full and proper review. It was not an independent review.

As you know, from many other scandals, there were initial, partial, and flawed reviews commissioned, often by Government, which failed to uncover the truth about the scandal, only to have that exposed later, by genuine and proper inquiries.

We were delighted therefore that in the [debate on the Loan Charge Scandal in the House of Commons on 18<sup>th</sup> January](#) this year, Darren Jones, Shadow Chief Secretary to the Treasury's said:

***“It could therefore not be clearer that the Government's approach is not working. Ministers, including the Prime Minister when he was Chancellor, routinely referred to the 2019 Morse review and asserted that there was nothing else to do. That review cannot and must not be the final word on the matter or a roadblock to getting a fairer solution for people who have been victims of bad professional advice and mis-selling.”***

**A genuinely independent review or inquiry must have the following:**


- The review remit must **cover the whole scandal**, including looking at ***the entire supply chain*** and the history of the issue. This must include role of promoters, umbrella companies, recruitment agencies in addition to accountants and tax advisers who recommended the schemes, as well as looking at the conduct of HMRC, their past failures to tackle this problem, failures to collect tax from agencies/employers at the time, the way they conceived of the Loan Charge (and why) and how they presented it to Ministers. It must look not only at the Loan Charge itself, but also the other ways HMRC is pursuing people, including the deeply contentious use of s.684 notices and the transfer of tax liability from employers to employees.
- The remit must **NOT** be set by the Government (Treasury and HMRC).
- Government (Treasury and HMRC) must have no role in advising or selecting, independent experts.
- The reviewer/head of the inquiry must not be appointed by Government (Treasury and HMRC) and they must have no input into candidates or candidate selection. The APPG has previously suggested a tax judge, but whoever it is it must be someone with no links to HMRC or Government, past or present.
- The review/inquiry must be staffed by independent staff, with no links to (or any past history of) working for Treasury or HMRC.
- No party should be allowed to see the report or hear of any conclusions or recommendations until it is published.

Once again, on behalf of thousands of UK families, we express our gratitude at Labour's commitment to a genuinely independent review of the Loan Charge Scandal and we look forward to the Labour Party delivering this when in Government. This must be a review of the whole scandal, independent of HMRC and the Treasury. There must then be a fair and final resolution that acknowledges the role of those who promoted, operated, and recommended the arrangements and which fully recognises the fact that HMRC failed to act at the time. Only by taking a completely different approach from this discredited Conservative Government and working to find a fair resolution, will the nightmare be over for tens of thousands of families.

The Loan Charge Action group, which represents those caught up in the nightmare of the Loan Charge Scandal, would assist with discussions about a review and a much needed resolution, following the formation of the new Government.

We wish you luck with the election and look forward to working with your Treasury Ministers and independent sector professionals to find a solution to resolve the whole mess, a mess created by the outgoing Conservative Government. We look forward with the hope that the Labour Government will show it is on the side of the ordinary workers who are being punished and ruined for putting their trust in others. We also hope that you and the Labour Treasury team would hold to account those who caused this scandal – promoters, employers and the Conservative Government and HMRC.

Yours sincerely



*Steve Packham*



*Andrew Earnshaw*

Spokesman & Executive Director      Executive Director

*On behalf of the Loan Charge Action Group*

Cc      Rachel Reeves, Shadow Chancellor  
         Darren Jones, Shadow Chief Secretary to the Treasury