



HM Treasury

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Via email: request-492648-
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19 July 2018

Ref: FOI2018/11222

Dear Mr Sawyer

Freedom of Information Act 2000: 2019 Loan Charge

Thank you for your enquiry of 22 June 2018, which we have considered under the terms of the Freedom of Information Act 2000 (the FOI Act).

You asked for the following information:

"1a) When the 2019 Loan Charge was proposed to Treasury Ministers by HMRC in September 2015 and in period following until the legislation was introduced, was any estimate made of the number of schemes in operation provided to the Treasury by HMRC (or any other body)?

1b) If there was an estimate provided, can you please give me the estimated figures?

1c) If no estimate was provided to the Treasury by HMRC (or any other body), can you please tell me if estimates of the number of schemes were made by the Treasury and were then used in the process to accept HMRC's proposal for the 2019 Loan Charge?

1d) If no estimates of the number of schemes were used in the process to accept HMRC's proposal for the 2019 Loan Charge, can you tell me if it is standard policy for the Treasury to accept HMRC's proposals without knowing the impact of such proposals?

1e) If no estimates of the number of schemes were used in the process to accept HMRC's proposal for the 2019 Loan Charge, was the Treasury's acceptance of the proposal based on the number of individuals who would be subjected to the 2019 Loan Charge rather than the number of schemes?

I would also like the following information:

2a) When deciding whether to create legislation for HMRC's proposals, how does the Treasury determine if creating legislation will be cost effective?

2b) Can any documents be provided which detail the processes used by the Treasury when deciding to accept proposals from HMRC?

2c) Is any human impact analysis (mental health effects on HMRC customers or expected suicides of HMRC customers as examples) performed by the Treasury or any other body when considering HMRC's proposals?"

I can confirm that HM Treasury does hold information within the scope of your request. Some of the questions you have asked are seeking explanations or yes / no answers. As such they do not strictly constitute requests for recorded information. Some explanations and answers have been given to be helpful and are outside of our obligations under the FOI Act.

In response to question 1a) I can confirm that no estimate has been made of the number of schemes currently operating in the UK, as stated in the Parliamentary Question you reference in the preface to your request.

HM Revenue and Customs (HMRC) provided analysis to HM Treasury on the impact of the proposals to extend the Disguised Remuneration legislation. The analysis included an estimate of the number of individuals who would be affected by the charge, the total tax at stake and the average tax charge that would arise for those affected by the charge. Information relevant to your request has already been published. Under section 21 of the FOI Act, departments are not obliged to re-issue information where it is already publically accessible. We have however, included the link to this below:

<https://www.gov.uk/government/publications/disguised-remuneration-further-update/disguised-remuneration-further-update>

Analysis of the exchequer impacts of any change to the tax legislation is provided to HM Treasury by HMRC. HMRC also provide an estimate of the costs for HMRC of any proposal. HMRC were provided with additional financial resources at Budget 2016 to implement the package of changes to tackle disguised remuneration avoidance schemes, including the Loan Charge. See the link below for further details.

<https://www.gov.uk/government/publications/tackling-disguised-remuneration-update/tackling-disguised-remuneration-update>

The published documents include some information on the impact on individuals and businesses.

In relation to question 2b, the request is expressed in very general terms and we would need you to be more specific to enable us to identify relevant information.

If you have any queries about this letter, please contact us. Please quote the reference number above in any future communications.

Yours sincerely

Information Rights Unit

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Email: foirequests@hmtreasury.gov.uk

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