OFFICIAL – MARKET SENSITIVE

HM Treasury

Name: [x]
Team: [x]
Date: [13 December 2019]

To: Chancellor of the Exchequer

cc: Financial Secretary to the Treasury

Response to the Independent Loan Charge Review

Background

1. As you know, the Loan Charge was introduced to tackle disguised remuneration (DR), a form of tax avoidance which involves being paid income from an offshore trust in the form of loans which are never repaid. The Loan Charge is due to be paid by affected individual taxpayers on 31 January 2020. Following significant opposition from the Loan Charge Action Group (LCAG) and from the Loan Charge APPG, which had more than 200 members, you commissioned an independent review of the policy in September and whether it was an appropriate response to DR tax avoidance. The Review has been led by Sir Amyas Morse (former CEO of the National Audit Office), who has now submitted his report for your consideration.

2. This submission focuses on the response to the Review. You need to decide how to respond to the recommendations, when to publish his report and the Government's response.

Summary of Review's recommendations

3. The Review makes several recommendations about the Loan Charge and the wider approach to tackling ongoing DR tax avoidance. Overall, Sir Amyas recognises that those using these schemes were engaged in tax avoidance and the Government has been correct to tackle it. However, he thinks the design of the Loan Charge is highly unusual, inconsistent with wider tax policy and that it has disproportionate impacts on, particularly lower income, taxpayers. He recommends retaining the Loan Charge, **but making some important changes to the scope in order to mitigate some of its effects on individuals and employers**. He has focused on the overall fairness of the policy, the distress and hardship it could cause, and HMRC's customer service and wider compliance strategy. His recommendations have **significant costs to the Exchequer**, which we currently estimate to ~~of around~~be around **£900m over the scorecard period.** This estimate has not yet been certified by the OBR.

4. Sir Amyas has also roamed beyond the terms of reference and made several recommendations that have wider application, such as an internal review of interest rates and even questioning whether tax advisers should be regulated in order to provide more effective oversight of the tax advice market.

5. The report is very persuasively written and will be received as a compelling case for amending the policy by those who read it. The report is problematic in places, in particular the report relies heavily on anecdotal reports from submissions to the review and makes a number of

assertions based on these reports without considering the wider context or critically appraising those reports or corroborating them against HMRC taxpayer data and analysis we provided. The report is heavily critical of HMRC's approach to customer service and its compliance strategy, and goes so far as to imply that HMRC staff have operated outside of their remit in attempting to collect more than the legally due amount of tax. HMRC would strongly refute these claims for which there is no evidence.

6. Officials met with the review team on multiple occasions in addition to providing analysis to inform the review to ensure the report is accurate and robust, but Sir Amyas was not responsive to some of the input we provided, e.g. he did not accept an offer to verify the accuracy of anecdotal reports against taxpayer data where identifiable.

7. The full list of 20 recommendations are in Annex A, but the most significant are below.

Design of Loan Charge

- It **should only apply to loans taken out after 9 December 2010** (rather than 6 April 1999), when specific anti-avoidance legislation to tackle DR was announced and came into effect. Sir Amyas judges that it was clear that individuals and employers should not have been using these schemes from this date, but it is plausible that there was some ambiguity in the legal position before then due to the progress of court cases, as well as less clear communication from HMRC about schemes and activity being focused on larger employers and agents or promoters rather than individuals.

- **Loans taken out between 9 December 2010 and April 2016 should remain within the scope of the Loan Charge <u>unless</u> the user of the scheme can prove they disclosed full details and HMRC failed to take action** to protect its position by, for example, opening an enquiry. Sir Amyas judges that the Loan Charge should not give HMRC a "second bite of the cherry" where individuals or employers disclosed that they were using a scheme and HMRC did not take action, but that those who did not disclose their position to HMRC should not be advantaged. Analysis indicates that less than 4% of post-2010 settled cases, where HMRC had not previously protected its position, were disclosed on the tax return by individuals. Analysis also indicates that 20% of employers who used avoidance post-2010 have disclosed on their tax return.

- **Repaying tax to those who have settled their underlying liabilities with HMRC for loans that would no longer be subject to the Loan Charge** if the Government accepted the Review's recommendations. This would mean that we would refund some tax paid (or forgo some tax due) by individuals and employers through the settlement opportunity in place since the Loan Charge was announced in March 2016. This would only be for years where HMRC did not have an open enquiry into the underlying tax liability but where the individual was still required to settle the tax due for those years to avoid the Loan Charge. Payment of tax under these settlement terms is known as "voluntary restitution".

- If they wish, users should be able **to choose to spread the remaining outstanding loan balance on 5 April 2019 evenly over 3 tax years** (2018/19, 2019/20 and 2020-21) **rather**

than one tax year (2018/19), i.e. a third of the loan balance is allocated to each year to reduce the marginal tax rates in some cases. Sir Amyas judges that the taxing all the loans in one year unfairly increases the tax due by causing some people to pay a higher marginal rate. Sir Amyas does not take into account that individuals did have the opportunity to pay tax in the relevant years through the settlement process but they have chosen not to.

Individual impact of the Loan Charge

8. Sir Amyas also recommends providing **special payment arrangements on more generous terms than those HMRC currently offer to anyone else**, including tax credit claimants, struggling to pay their debts:

    - Anyone with **income of less th**an £30,00**0 should be able to enter into a special time-to-pay arrangement that will include allowing any remaining Loan Charge liability to be written off if it hasn't been repaid after 10 years.** Sir Amyas thinks it is unfair that individuals have debts hanging over them for a long period of time.

    - Anyone with **income of less than £50,000 should receive automatic payment plans of up to 7 years** depending on their income. This involves extending the payment arrangement terms offered to those who have settled to those facing the Loan Charge itself.

HMRC implementation

9. Sir Amyas also recommends **improvements to the customer experience:**

    - HMRC should **update taxpayers directly about open tax enquiries at least annually**. Sir Amyas thinks it is unreasonable that, in the past, taxpayers have found themselves subject to open enquiries for many years without HMRC keeping in touch with them

    - HMRC should **increase funding to external bodies, such as tax charities, to provide independent advice to those entering into time to pay or other debt collection arrangements** with HMRC

Next steps and future

10. Sir Amyas also recommends further action to **tackle the ongoing use of disguised remuneration schemes,** noting that around 8,000 individuals have used them since April 2019, 3,000 of whom are using them for the first time, despite the publicity and HMRC maintaining that these new schemes do not work:

    - The Government should **explain how it will tackle ongoing use of DR schemes given the continuing scale of use post the Loan Charge period**

    - The Government should seek **to improve the market for tax advice** and tackle those who continue to promote use of DR schemes, including publishing a strategy within 6 months and considering more effective oversight of the market (which could include more formal regulation of tax advice)

Impact of these recommendations

11. The recommendations will affect individuals and employers in different ways depending on their own circumstances, so it is difficult to make generalisations and there will be extreme cases. All estimates are subject to change following ongoing analysis and scrutiny by the OBR. A fuller appraisal of the impacts is available in Annex B, but in summary:

- The total cost to the Exchequer is estimated to be around **£900 million if all recommendations are accepted**. This is broadly just over half of the yield forecast from the Loan Charge and settlements that was scored.

- We estimate from the c42,000 individuals affected by the Loan Charge (who took part in DR avoidance and have not settled with HMRC), around 11,000 individuals will be taken out of the Loan Charge entirely.

- Of the c31,000 individuals remaining with a Loan Charge liability, c21,000 will benefit in some way from one or multiple recommendations:
    - c5,000 will have their Loan Charge reduced as a result of it only applying to loans taken out after 9 December 2010 and the disclosure provisions for 2011 onwards
    - c21,000 would benefit to some degree from spreading the loan balance over 3 years
    - c6,000 would have some of their Loan Charge liability written off after 10 years

- **c10,000 individuals will not see a reduction in their Loan Charge bill from any of the recommendations.** This will include individuals who took out loans post-2010 and who didn't disclose their scheme use to HMRC.

12. While we cannot provide full estimates of how the impacts differ across the population, the analysis suggests that the recommendations impact different taxpayers very unequally. A small group who have settled and benefit from the recommendations (around 1,000 individuals and 1,000 employers) make up the majority of the revenue lost (£600 million), while other taxpayers may only marginally benefit from the other recommendations.

13. These recommendations are all deliverable, but the changes are complex for HMRC to implement and for taxpayers to navigate in time for 31 January 2020. Therefore, if you want to implement any of the recommendations, HMRC will need to provide customers with additional flexibility in the Self-Assessment process to ensure that they can get advice and correct their tax position (see below). The operational impact is severe and for those impacted, there will be a very disrupted and difficult customer journey. The operational delivery and taxpayer experience will therefore be sub-optimal given the time pressure. This is likely to attract further criticism given the comments in the review about poor customer experience in the past. HMRC will do everything possible to mitigate this but will not be able to do so fully. Later in this advice we also address other options to mitigate these problems.

14. In addition to the fiscal and operational impacts there are broader concerns about the signal the report sends to the tax avoidance industry about willingness and ability to tackle this form of non-compliance and future efforts to check this form of tax avoidance which continues to grow, although there are some helpful recommendations in the report, for example on tackling promotors.

15. There are wider HMRC resourcing and capacity challenges which we will need to work through to implement these recommendations. In particular, at a time when capacity will be limited by the demands from EU Exit, there will also be an additional capacity challenges if HMRC need to redirect significant resource to the Loan Charge and implementing the recommendations. This in turn could mean there is less resource dedicated to tackling avoidance and evasion [and therefore lower compliance yields in the future].

16. [Equalities impacts]

<u>Options on responding to the report</u>

17. This section sets out:

    i) Options on responding to the substance of the review – i.e. your principled response to the review recommendations; and

    ii) Options on the timing and sequencing of your response - including when to publish the review and the government response.

18. You have a choice about how to respond to the substance of the review. In essence, your choices are:

    i) Accept the majority of the recommendations and amend the policy;

    ii) Reject most or all of design recommendations and hold firm on defending the fundamentals of the policy; or

    iii) Say you are going to delay the Loan Charge by one year and announce the government's response to the review in the new year.

19. This is a finely balanced decision due to, on the one hand, the ongoing resistance to the policy by the campaign group and MPs, and on the other hand the fiscal costs and severe risks for HMRC's future approach to tackling tax avoidance, including the presentational risk of being seen to be soft on tax avoidance. In your decision, you will need to take into account:

    i) the parliamentary and political context
    The review was commissioned in response to considerable parliamentary resistance and lobbying under a minority Government, so addressing these concerns would be your key objective if you accept the recommendations. However, this remains a niche issue affecting a small group, and you should therefore consider the new parliamentary arithmetic and emerging parliamentary mood since the general election. If you consider damaging resistance to the policy remains, there is a risk that anything

short of accepting all the recommendations will not satisfy MPs. Further, while some MPs who have opposed the policy may be won over by accepting these changes, officials anticipate the outcome of the Review will not satisfy the majority of campaigners, who will settle for nothing less than repeal of the Loan Charge; it is possible some MPs will continue to be influenced by this and they may continue to resist and even seek to amend the Finance Bill when you bring forward legislation to implement the recommendations.

ii) the reputational impact for the Government
On the one hand, a choice to reject the recommendations of a respected independent reviewer who you commissioned would be challenging to defend and you would face continued criticism from MPs and campaigners. On the other, accepting the recommendations could be seen as a U-turn by the Government considering the policy was introduced and defended under the last Government, and it would appear soft on tax avoidance, which is challenging particularly given your wider manifesto commitment to tackling tax avoidance and your future ambition to raise revenue by tackling non-compliance. Finally, even if external stakeholders welcome the Government accepting the recommendations, the inevitably sub-optimal customer experience for affected taxpayers would be heavily criticised.

iii) HMRC's ability to combat tax avoidance in future
[redacted]

iv) the fiscal impacts
As noted above, accepting the recommendations would cost around **£900 million if all recommendations are accepted**, with longer term ramifications for the tax gap. You should consider these fiscal impacts in particular in the context of your wider strategy on tax and spending, and your fiscal strategy. Accepting the recommendations will involve taking a major measure decision outside the Budget cycle and this will constrain your spending choices later on.

<u>Option 1: Accept the substance of the recommendations on Loan Charge design</u>

20. If you are most concerned about mitigating parliamentary opposition to the policy and are minded to accept the substance of the recommendations in the review, officials recommend you accept **all the review's recommendations with one exception**. We recommend **you reject**

the recommendation individuals should be able to write-off any remaining Loan Charge liability after 10 years.

21. This change would have significant fairness implications and would likely lead to calls to apply this change more widely, as you would be treating DR tax avoiders more favourably than other individuals with HMRC and wider government debts (including tax credit claimants with very low disposable incomes). This may have significant knock-on effects to taxpayer incentives and behaviour, deteriorating tax compliance both now and in the future. It is also likely to be perceived as rewarding tax avoidance.

22. This change is not the best way to achieve Sir Amyas' stated objective, which we understand is to provide relief for individuals in severe hardship, and evidence from settlement cases suggests this is not needed. HMRC already has a strong payment affordability offer for individuals who are unable to pay the tax due in one go, and HMRC's time to pay arrangements have been successful at scale (with approximately 700,000 in place across HMRC charges), with over 90% of those completed successfully. 60% of a sample of settled cases so far have paid without the need for instalment plans and for those who did require an instalment arrangement this was on average around 4 years in duration. For those with serious problem debt there are insolvency solutions such as Individual Voluntary Arrangements. In many cases these will be a better solution than an extended time to pay arrangement with HMRC that covers tax debt only, so Sir Amyas' proposal may push more vulnerable individuals in problem debt to make the wrong choice for their circumstances.

23. Finally, the other recommendations already have a major impact on affordability, in particular allowing individuals to spread their income, and the other recommendations focused on affordability, such as a commitment that individuals on less than £30,000 of income will only have to pay up to 50% of their disposable income in a time to pay arrangement. Therefore this additional change is not necessary to achieve the outcome required.

24. If you were to take this approach, we think the narrative for your response should include these key points:

   i) Welcome Sir Amyas' recognition that disguised remuneration schemes don't work and that the Government was right to take action;

   ii) Recognise that the design of the Loan Charge had significant impacts on some users of tax avoidance particularly pre-2011, and that the Government will make changes to correct this and to build trust in HMRC's approach to flexible payment options;

   iii) Due to fairness with other taxpayers the Government will not accept recommendations which put tax avoiders in a better position than those who comply with their tax obligations;

   iv) Commit to tackling promoters of schemes and taking future action to tackle tax avoidance;

   v) Commit to continuing to tackle tax avoidance and DR in particular, and make clear that these schemes don't work and people shouldn't use them.

Option 2: Defend the policy and reject the substance of the recommendations

25. If you are most concerned about the fiscal implications of the recommendations and the risk of giving money away to tax avoiders, and are therefore minded to reject most or all of the recommendations, your main options are:

   i) **Reject all design recommendations and defend government's approach:** If you have a significant Parliamentary majority, you may want to hold firm on the Government's principled approach to tax avoidance and avoid accusations that you are giving money away to tax avoiders. In this case, we would recommend that you reject all the key recommendations on the design of the Loan Charge, while continuing to accept the wider recommendations focused on HMRC customer service and implementation, affordability and the future approach to tackling DR schemes. This would allow you to demonstrate a decisive position on continuing to tackle tax avoidance.

   ii) **Accept only the headline recommendation on carving out pre-2010 loans:** If you want to manage the complexity of the package for customers and HMRC while accepting the substance of Sir Amyas Morse's recommendations on the Loan Charge policy design, we would recommend that you accept the recommendation to carve out loans pre-2010 and reject the remaining recommendations affecting the Loan Charge design itself. This recommendation is the most principled recommendation to accept as there is a clear rationale for accepting it, it also is the key recommendation put forward by Sir Amyas so accepting this key principle in his recommendations would be most likely to address MPs' concerns without creating unnecessary complexity or further fiscal costs. You could make the case that this will help with affordability as the maximum number of years a person could be taxed for scheme usage is 8 years.

   iii) **Limit the recommendations to individuals only:** You also have the option of significantly narrowing the scope of the recommendations by accepting all the recommendations and only applying these to individuals who directly entered into schemes, in order to reduce the cost to the Exchequer by ~~up to~~around **£300 million over the scorecard.** You expressed a strong interest in this approach during discussions about the terms of reference, which asked Sir Amyas to focus on the impact on individuals who have "directly entered" into DR schemes. In his report Sir Amyas has considered this and actively recommends that everyone, including individuals and employers, should benefit from his recommendations.

   There isn't a simple definition of individuals so there would likely be hard cases, this would result in unfair treatment with employees who could be required to reimburse their employer for the tax paid, and it would be extremely complicated for people to determine their eligibility upfront. This could overall lead to continued campaigning by those excluded, noting that employees and owner-managers are involved in the campaign, [redacted] **Due to these difficulties, we would not recommend this option.**

26. There are other possible combinations of recommendations which you could accept. For example, if you care primarily about mitigating fiscal costs, you could accept the income spreading recommendation and reject the other Loan Charge design recommendations. We

can provide further advice on potential combinations of recommendations if you would like to consider other options.

Option 3: Delay the Loan Charge deadline by one year to 31 January 2021

27. If you do not want to make a firm decision on your approach ahead of Christmas, you could announce now a delay to the deadline for filing and paying the Loan Charge by one year to 31 January 2021 via a written ministerial statement, and return to the review report and your response in the new year. You could then publish the review report and the government's response following the new year and legislate any policy changes in the forthcoming post-Budget Finance Bill (at the same time as legislating for the delay). The delay would be implemented before 31 January 2020 using the Commissioners' existing powers of collection and management until the government introduces Finance Bill legislation. This would ease some of the immediate time pressure to implement recommendations and for customers to navigate changes ahead of the Self-Assessment deadline.

28. While a one-year delay would give the government slightly longer to consider its response, it would also create additional complexities and costs. Provisional costings indicate that a one-year delay to the Loan Charge would ~~push~~ move around £50m of yield to ~~the right~~later years~~, without accounting for any behavioural implications~~.

Commented [redacted]: We have accounted for some (but not all) behavioural effects so better to drop this wording completely.

29. Announcing a delay is retrospective and would have unintended negative consequences for some customers who have already arranged their affairs to mitigate the effect of the Loan Charge in 18/19. We would need the Law Officers' consent for a retrospective change. We believe Law Officers would likely put a condition on approving this such as giving taxpayers the option of electing to pay against their 18/19 income rather than in 19/20. Therefore we recommend designing this into the policy to address this concern.

30. We would need to work through some of the operational interactions between a one-year delay and the substantive recommendations to a longer timeline. It is possible that we may not be able to implement some the recommendations alongside a delay. A delay would therefore lead to a more complex customer journey for taxpayers - especially if this is combined with an option to elect to pay in 18/19 rather than 19/20 - and could lead to further uncertainty about whether people had taken the right decision.

31. The announcement to delay would also be a challenging news story where you don't have control of the narrative, so there would likely be continued campaigning against the policy into the new year. However, it would give HMRC more time to implement changes and for you to make an informed decision about how to respond.

Timing and handling

32. You will need to say something on the Loan Charge next week. Staying silent will increase uncertainty over Christmas for those due to pay by the 31 January Self-Assessment deadline. You may also face questions on the review during the Queen's Speech debate, where you will want to be on the front foot about tax avoidance.

33. At a minimum, we recommend that you announce next week that customers impacted by the Loan Charge will have additional time to file their 18/19 tax return and to pay the Loan Charge. While the Loan Charge will still apply for 18/19, customers will be able to miss the 31 January 2020 deadline for filing their Self-Assessment return and file a late return without incurring any penalties. You should note these additional flexibilities will be very challenging to implement at short notice and that those affected are still likely to have a sub-optimal taxpayer experience. This is likely to attract criticism given the comments in the review about poor customer experience in the past.

34. Beyond this - and depending on your preferred principled approach to the review - you will then need to decide when to publish both Sir Amyas' report and the government's substantive response. Your choices are broadly:

i) Publish the report and government response early next week or in early January, accepting some or all of the recommendations (except 10-year write-off). This would be the best mechanism to draw a line under the review. But doing so may be seen as soft on tax avoidance and the complexity of the full concessions will be difficult for customers to understand and HMRC to implement. If you wanted to be bullish, you could accept only the design recommendations to carve out loans pre-2010. This would reduce the complexity for customers and HMRC, but doesn't save money and the majority of the benefit would go to employers (including repaying their settlements). You could delay publications to the first week of the new year. While a pre-Christmas announcement would look decisive and would give more certainty to taxpayers, tax agents and HMRC will not be able to provide a full service to meet the demand for support and answers to questions over the Christmas period.

If you want to respond to the report before Christmas, you would need to publish on 17 or 18 December due to operational constraints relating to customers contacting HMRC. If you want to wait until after Christmas, you would need to announce the government's view by the first week in January at the latest to avoid the risk of being timed out from accepting the recommendations.

ii) Publish the report and government response next week, rejecting the main recommendations. We think that if you are minded to reject the main findings of the review, you need to do this next week rather than allowing expectations to build up. This would be the cheapest option, but would involve rejecting the most persuasive parts of the review, and we expect sustained pressure which may lead to calls for further concessions ahead of the Finance Bill in February/March 2020.

Announce a one-year delay of the Loan Charge next week, publish the report and response in the new year. You could announce next week that you intend to legislate for a delay, giving customers the option of applying the Loan Charge to 18/19 or 19/20. We would then advise publishing the review and our response in the new year and legislating any concessions in the forthcoming post-Budget Finance Bill. This option would ease pressure for customers over Christmas and could manage expectations by giving a sense that the government still intends to go ahead with the

Loan Charge in some form. This option would ease the pressure for customers over Christmas. However, the combination of a delay and accepting all recommendations would increase the complexity for customers and HMRC, and push the yield to the right. We would also expect campaigning against the policy to continue and there to be sustained pressure for further concessions.

35. Officials will need to engage with No.10 urgently on this issue to seek agreement to the updated public position you prefer in advance of Christmas, so we would welcome an indicative steer on which approach you would like to take publicly urgently to inform these discussions.

36. When you have determined your preferred approach to announcing the Government's position, we will ensure that a full stakeholder handling strategy is in place to deal with the media and MPs when the report is released.

<u>Decision points</u>

We need your steers in three main areas:

- What is your preferred principled stance in response to the Loan Charge review:
  - i) Accept the vast majority of the recommendations and amend the policy; or
  - ii) Hold firm on defending the fundamentals of the policy, whilst accepting many of the wider recommendations and those on affordability; or
  - iii) Not make a firm decision immediately, say you are going to delay the Loan Charge by one year and announce the government's response to the review in the new year?
- Do you agree to announce early next week that customers will have additional time flexibility to meet the Self-Assessment deadline and pay the Loan Charge beyond 31 January 2020?
- What is your preferred timing for publishing the review and the government response?
  - i) Publish the review and response early next week or in the first week of January, accepting some or all of the recommendations (except the 10 year write off); or
  - ii) Publish the review and response next week, rejecting the main body of recommendations in the review; or
  - iii) Announce next week that you are delaying the Loan Charge by one year and publish the report and your substantive response in the new year?

37. If you are content, we will agree the detailed implementation of the recommendations with the Financial Secretary to ensure the detailed policy design has approval.

Annex A: Full list of recommendations

	Recommendation
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Annex B: Impacts

All financial impacts are subject to OBR certification. The estimates presented below may change as a result of OBR scrutiny and challenge.

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- The total cost to the Exchequer is estimated to be around **£900 million if all recommendations are accepted**. This is broadly around half of the yield forecast from the Loan Charge and settlements that was scored.

  - £750 million~~*~~ is the result of it now only applying to loans after 9 December 2010,
  - ~~[~~£50 million~~]*~~ is a result of removing years after 9 December from the Loan Charge if they were disclosed and HMRC took no action
    ~~*Of which~~ £600 million of the cost of these two concessions is a result of the repayment and forgoing of voluntary restitution for settlements (with £500 million relating to employers)
  - £50 million is a result of allowing users to spread the loan balance over 3 years
  - £30 million is a result of allowing individuals to write off any remaining liability after 10 years if they earn less than £30,000

Individuals and employers - already settled

- **In total around 50,000 users took part in DR avoidance** and have not settled with HMRC (c42,000 individuals and c8,000 mostly close-company employers). They are therefore within scope of the Loan Charge.

- We estimate that ~~A~~around 11,000 individuals and 1,000 employers who have not settled will be taken out of the Loan Charge entirely because all their loans were before 9 December 2010 and/or the loans were disclosed after this date and HMRC did not open an enquiry.

- Of the remaining 31,000 individuals who have not settled, we estimate that c21,000 will benefit in some way from one or multiple recommendations:

  - c5,000 will have their Loan Charge reduced as a result of it only applying to loans taken out after 9 December 2010 and the disclosure provisions for 2011 onwards
  - c21,000 would have their Loan Charge reduced from spreading the loan balance over 3 years (but the amount saved will depend on personal circumstances. Some individuals, not contained within this 21,000, could actually pay more in certain situations due to the tapering of the personal allowance at £100,000. This is why it is important for users to be able to choose to spread their loan balance rather than it applying automatically).
  - c6,000 would have some of their Loan Charge liability written off after 10 years

- Of the remaining 7,000 employers that have not settled, we expect around 1,000 to~~will~~ benefit from one or multiple recommendations.

- Around 10,000 individuals and 5,000 employers will not benefit from any of the recommendations

<u>Individuals and employers - already settled</u>

- A further 9,000 users have settled (i.e. have entered into a contract settlement with HMRC to pay the tax they owe).

- Of the 5,000 individuals and 4,000 employers who have settled, around 1,000 of each will receive a repayment and/or not have to pay further voluntary restitution

- Please note, numbers may not sum up due to rounding.