



HM Revenue & Customs

Mr Graham Webber
By email: request-538030-
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Our ref: FOI2018/02710

Dear Mr Webber

Freedom of Information Act 2000 (FOIA)

Thank you for your request, which was received on 8 December, for the following information:

“HMRC has published a statement on the loan charge. It claims that “Users income on average is twice as much as the average UK taxpayer”.

Can the agency please:

1. Indicate how that statistic was arrived at and what independent verification there is for it?
2. Indicate why the level of earnings should have any bearing on whether a tax charge is levied or not?
3. Confirm that is now Government and HMRC policy that those on higher than average earnings should now face different tax charges to those with less income?
4. If statement at 3 above is incorrect, why was the press release authorised unless it is an attempt to sway public opinion”

I can confirm that HMRC holds the information you have requested.

To answer question 1, the statistic is based on the average estimated income of disguised remuneration (DR) scheme users in the year where the DR tax arrangement took place. This includes income reported on users' tax returns and the estimated loan income received by users using data extracted from an internal operational database. Comparing this total average income with the published statistic of the average income of individual taxpayers* indicates that the average income of DR scheme users was twice that of an average UK taxpayer. This analysis was produced and quality assured by a dedicated analytical unit within HMRC.

*Data source: Personal Income Statistics Table 3.2.

<https://www.gov.uk/government/collections/personal-incomes-statistics>

To answer questions 2 to 4, the charge on DR loans applies to all users of DR avoidance schemes, regardless of their total income. Should a DR scheme user not repay their DR

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Text Relay service prefix number – 18001



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loan or settle with HMRC, the charge will apply to outstanding DR loan balances on 5 April 2019.

If you are not satisfied with this reply you may request a review within two months by emailing foi.review@hmrc.gsi.gov.uk, or by writing to the address at the top right-hand side of this letter.

If you are not content with the outcome of an internal review you can [complain to the Information Commissioner's Office](#)

Yours sincerely,

Freedom of Information Team