

Loan charges and taxation

A number of constituents have raised the issue with me again about the tax treatment of loan charges. They point out they took advice and signed up to the scheme. They notified the tax authorities who raised no issues with it at the time, only to face large tax charges more recently often going back many years.

I have taken this up with the government on several occasions, querying the failure of the Tax Authorities to raise issues when the taxpayer first notified them of what they were doing, and asking clarification over the retrospective claiming of tax on these sums. The latest debate on these matters was curtailed by the water ingress to Westminster last week. The replies I have had from the government make clear they think tax is owing and they intend to continue with attempts to levy it from taxpayers. Each individual case is different over timing, size of payments and other matters. Constituents who think the government is in the wrong legally need to consider what legal action they can take, probably with others. It is always wise to find out what the strength of the case is and how much it might cost before committing. It is also a good idea to engage the accountant or tax adviser who assisted with the scheme in the first place, as they should help and should have some responsibility, where they can be traced.