

My letter to the Financial Secretary about the Loan Charge

I have written to the Financial Secretary on behalf a number of my constituents who have asked for a six month suspension of the Loan Charge until a full review is conducted. They would like the review to assess the full impact this may have on individuals in respect of loan arrangements when a proper declaration of affairs was made at the time and the Treasury did not then think tax was owing. I will post his reply when I receive it.

The Rt Hon Mel Stride MP
Financial Secretary
HM Treasury
1 Horse Guards Road
London SW1A 2HQ

5 April 2019

Dear Mel

I am writing to you on behalf of a number of my constituents.

They would like a six-month suspension to the introduction of the Loan Charge until a full review is conducted. They would like the review to assess the full impact this may have individuals in respect of loan arrangements they declared at the time and believed to be legal.

My constituents think it is entirely unreasonable for the Treasury to require payment of tax for many years ago when a proper declaration of affairs was made at the time and the Treasury did not then think tax was owing. It also seems wrong that interest will be charged on top of these payments. People naturally plan their lives and spending around their net income, and do not expect retrospective tax bills many years after the event.

I trust such a review will pay due attention to the cases of people who did declare what they were doing and who relied on the then tax assessment as further proof that their arrangement was legal.

I would appreciate your comments.

Yours ever

Just Leave

When I fought the last election as a Conservative candidate I believed in the words of our Manifesto, echoed by our Leader. We said we would leave the EU 2 years after sending the notification letter. We said No Deal is better than a bad deal. We said we would leave the single market and customs union. We set out a new UK trade policy. We pledged to take back control of our borders, our laws and our money.

Now the Prime Minister tells us we can either support a Withdrawal Agreement which does none of these things for at least 21 months or maybe for 45 months, or support a delay which puts off all these things. Indeed, there is little difference between the two options, save that the Withdrawal Agreement makes the delay a minimum of 21 months and takes away much of our bargaining position as we try to negotiate a future partnership and some kind of exit from a position of weakness. The Irish backstop is but one of the dreadful features of the Agreement. It means we might never get out of the customs Union or shake off alignment with all the laws they deem to be related to the single market. There are clearly those in government who have wanted to stay in the customs union and much of the single market all along, and have been looking for ways to achieve this.

I do not agree with being faced with this pair of options which offers no real choice. I have no wish to tear up the promises I made along with the national party in 2017. I think we should try harder to implement what we promised. The way to do so is as I have often set out, to leave on April 12th (needlessly delayed from March 29th), and aim to initiate trade talks with the EU as we exit. There is a big backlash from party members and Conservative voters to what the Prime Minister is trying to do. The country has decided by a large margin according to the polls that the Withdrawal Agreement is a bad Treaty to enter. Far from allowing us to sort out Brexit after signing, it would lock us into massively expensive financial and legislative commitments and prejudices our future badly.

The government needs to keep its word. From day to day now we do not know what the government is going to say next, nor who in the government is going to push a different line from the Prime Minister. We wait to see what more of our election promises are discarded by the Cabinet. We are on running 3 line whips all this week including Friday in case the government wants to do something. It is clearly making it up as it goes along, and failing to tell the MPs who are meant to support it what the government wants or why. I am all for going to Parliament to do good things for our constituents, but so far there are general debates on Wednesday and Thursday. As there are no votes on those two days in the current business and nothing to do on Friday why the 3 line whip? If you want to get MPs to respect the whip more, it has to be applied for good reason.

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.

The media and just leaving the EU – please use neutral language

My criticism of much mainstream media journalism about just leaving the EU is the lack of neutrality or objectivity in the reporting.

Many of them just assert leaving without a deal is “falling off a cliff edge” or will result in “cataclysm, or disaster”. This is the extreme language of some Remain MPs.

A neutral commentator should use neutral language to describe such an exit . “Just leaving the EU without signing the Withdrawal Agreement” would do it.

They could then expand on how the two sides view that –

“Remain thinks this would be like falling off a cliff. They think it would be disastrous for the UK economy. They think the UK does owe more money to the EU and has to settle the bill. Leave on the other hand think it means quickly achieving their aims of taking back control of our laws, our borders

and our money. They say it would enable the government to boost the UK economy by spending the money saved from EU contributions on improved public services and tax cuts at home ”

That is as far as a reporter might wish to go. A commentator might go on to explain why he or she favoured the Remain or the Leave view, placing more information and criticism on the table. Where the media is using so called experts it would be helpful for them to reveal whether they are Leave voting or Remain voting experts, given the intensity of feeling on this issue.

What the government said about the referendum

Some are still writing to me saying the referendum was advisory, that it could have been the first of two, that it did not entail leaving the single market and customs union etc. Let's have another go at explaining it.

The government leaflet said

“A ONCE IN A GENERATION DECISION (in bold, decision not advisory, once only)

This is your decision. The government will implement what you decide”

It could not have been clearer

Much of the text was about trade and economics. It made clear we would be outside the single market, and set out why it thought that would be negative.

It also was based on the premise that we would be outside the customs union, though it did not say that directly. It went on at length about the need to negotiate a trade agreement with the EU after leaving, saying it would take time and be partial. You would not be able to and would not need to negotiate a trade deal with the EU if you were still in the Customs Union!

It was made clear by Remain in the campaign that leaving meant leaving the single market and customs union. Leave understood this and talked about the advantages of the UK being able to strike tariff free trade deals elsewhere which you could not do if still in the Customs Union.

The Conservative Manifesto of 2017 expressly ruled out staying in the single market and customs union. The Labour Manifesto set out a detailed independent UK trade policy which you could not do from within the single market and or customs union with the EU.