New loan charge settlement opportunity

Employment Tax **Management of taxes**

June 2026



20 May 2026

Key updates for advisers supporting clients with unresolved loan charge issues following the McCann review.

The Finance Act 2026 introduces a new settlement opportunity for taxpayers with outstanding loan charge liabilities, following the McCann review. For many clients, the revised approach is expected to produce lower liabilities by recalculating tax for the relevant underlying years, rather than applying the 2018/19 loan charge in full.

Other key features include:

- removal of late payment interest and, in many cases, penalties;
- a £5,000 reduction; and
- write-off of inheritance tax already due.

Calculation: case study

We have updated our website guidance (tinyurl.com/2s5sb3ea) to explain all features of the new settlement opportunity. We have also published a case study (tinyurl.com/ypy8e2b2) to illustrate how the new calculation might work in practice and address areas where we have seen confusion circulating, including the treatment of promoters' fees and the inclusion of National Insurance.

While the case study is necessarily simplified and assumption-based, pending further regulations, it demonstrates that for some clients, the revised terms may materially reduce liabilities. In our example, John's liability reduces from £71,325 to £16,406. For eligible clients, this settlement opportunity may therefore represent a meaningful step towards resolving long-running loan charge issues.

Scope and eligibility considerations

Clients who are most likely to benefit are those, like John, who:

- have outstanding loan charge liabilities;
- were in a loan-based scheme between 9 December 2010 and 5 April 2019; and
- have not yet fully settled their position with HMRC.

There may also be a benefit for clients who previously agreed a settlement with HMRC but have not yet completed payment, although the scope is more limited. We understand that HMRC have written to people in this position indicating that they may wish to pause payments to maximise the amount of liability to which the new terms can be applied.

For other clients, advisers should note that the settlement opportunity:

- may not apply at all (for example, clients who have fully settled and fully paid, or who were in loan schemes entirely outside the loan charge window);
- may offer relatively limited advantage, for example, where liabilities are substantial and the £70,000 cap applies;
- may introduce additional complexity, for example where arrangements fall partly within the loan charge window or rules. This is because these clients will need to formally settle all disguised remuneration liabilities to access the new terms.

Partial cases

Where individuals have a mixture of pre-2010 and post-2010 disguised remuneration liabilities, it is likely that the non-loan charge liabilities are larger because they are older and have accrued more interest. This significantly reduces the likelihood that such individuals will be willing or able to settle.

Individuals in arrangements that moved in and out of the loan charge, depending on the scheme structure at the time (for example, the presence or absence of a third party) may also require careful analysis. An added complexity is that updated technical interpretations by HMRC may mean some loans are outside scope where they were previously assumed to be in scope.

These types of clients may need support to review their position carefully yet holistically, particularly given the finality of contract settlement.

Other practical points for advisers

HMRC are expected to contact affected taxpayers in stages, with calculations tailored to individual circumstances. In some cases, HMRC will require additional information before issuing revised figures and clients may need help to identify and gather any relevant information and documents, for example bank statements. Clients who are ready to progress can contact HMRC proactively to request that their case is prioritised.

Separately, there are indications of renewed loan recall activity. This may be connected to the new loan charge settlement opportunity, as people may potentially seek deeds of release for inheritance tax purposes to stop future liabilities accruing. If clients receive correspondence from an organisation,
or its solicitors, purporting to now own their loan, or a statutory demand for payment, it is important they do not ignore it. Strict time limits apply. LITRG have previously researched and published extensive guidance on this issue, which advisers may find helpful, at: tinyurl.com/mt8yu8p.

Meredith McCammond *mmccammond@litrg.org.uk*