

Loan Charge Settlement Scheme

Employment Tax

Management of taxes

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HMRC have started issuing offers to taxpayers under the new Loan Charge Settlement Scheme, with thousands expected to be sent over the coming months.

Advisers acting for affected taxpayers may wish to familiarise themselves with the new Loan Charge Settlement Scheme and consider whether the opportunity is relevant for their clients. A summary of the new settlement opportunity, including its background, eligibility criteria and key features, is available on the LITRG website, alongside links to more detailed LITRG commentary and relevant HMRC guidance and resources: [Loan charge – new settlement opportunity](#).

The settlement opportunity follows the government's response to Ray McCann's independent review of the loan charge. HMRC estimate that most eligible individuals who settle under the new terms could see reductions of at least 50% in the amounts they would otherwise have been asked to pay, with around 30% having their liability reduced to zero. We understand that HMRC intend to release figures in the coming months on taxpayers who have received and accepted settlement offers under the

new arrangements.

Not all taxpayers affected by the loan charge are eligible for the new arrangements, and advisers will need to consider eligibility carefully. The new settlement opportunity will not resolve every concern that has been raised about the loan charge over the years. However, as we alluded to in a recent press release '[LITRG encourages eligible loan charge taxpayers to consider new HMRC settlement offers](#)', it does potentially represent a significant development for many affected taxpayers.

The loan charge has been a long and difficult chapter, and some clients may be fatigued, sceptical or disengaged. Advisers are well placed to offer valuable support in explaining positions, checking figures and analysing options. Other clients may feel overwhelmed by the prospect of reviewing calculations or signing a formal settlement agreement. Advisers may therefore find it helpful to remind clients that considering an offer, asking questions and discussing it with HMRC does not commit a taxpayer to accepting it. Equally, receiving an offer does not mean that settlement is necessarily appropriate in every case.

We would welcome feedback, both positive and negative, from members assisting taxpayers with loan charge issues. In particular, we are interested in how offer letters and calculations are being received in practice, and how responsive HMRC caseworkers are to clients and advisers.

If you encounter any issues that we could raise with HMRC as potential improvements, please let us know. Equally, if you have positive experiences to report, please get in touch. Practical, anonymised examples may help encourage other taxpayers to engage with the process.

Finally, it is important to recognise that settling a loan charge liability under the Loan Charge Settlement Scheme may not resolve every issue associated with a particular arrangement. Some taxpayers may need to consider inheritance tax implications /or continue to face questions relating to the underlying loans, including loan recall activity from organisations claiming to own those loans. These matters are separate from the settlement process itself and may require their own review and professional advice.

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