Dear Mel

In December 2019 the Government accepted the recommendation of Sir Amyas Morse in his Independent Loan Charge Review, that it should review its policy on interest rates within the tax system.

It was recommended that the Government should report to Parliament by 31 July 2020. At that time, the suggested deadline appeared to be achievable but, subsequently, the Government response to the COVID-19 pandemic significantly reduced the availability of staff to undertake the review as originally planned.

The Government therefore intends to defer its report to Parliament from 31 July 2020 to 30 November 2020 to enable the review to be undertaken.

The review will focus on the rationale behind HMRC policy on the charging of interest and the rates applied. It will consider:

- The underlying principles for HMRC charging and paying interest;
- The difference between interest rates charged and paid;
- Commercial interest rates applied in the financial products market;
- Interest rates used by comparable tax authorities internationally;
- HMRC communications with taxpayers who are liable to interest dating back a number of years; and
- Any interactions with other Government reviews and initiatives.

HMRC intend to announce the review, its scope, and the reporting timeline shortly.

Jesse

RT HON JESSE NORMAN MP