



HM Revenue
& Customs



Ten things you need to know about the Contractor Loans Settlement Opportunity

The Contractor Loan Settlement Opportunity (CLSO) is available for anyone who engaged in a Contractor Loans scheme before 6 April 2011. These were marketed as tax avoidance schemes, but HMRC has made it clear that these schemes do not work.

The CLSO offers an opportunity to put your affairs in order and put avoidance in the past by paying the tax and any interest on the sums received as loans.

If you or your tax agent have already contacted HMRC and asked for a tax calculation, then you are already registered and will receive your settlement pack shortly.

Here are **ten things** you need to know:

1. Time is running out. If you are a contractor or freelancer who entered a contractor loan scheme before April 2011, the Contractor Loan Settlement Opportunity lets you come forward and get your tax affairs straight, but time is running out - you'll need to contact us by 30 June 2015.

2. Settling now allows you certainty, peace of mind and could also save you money. You will be able to settle on clearly defined terms tailored to your personal circumstances. If you don't pay then interest costs will accumulate and you might also face potential legal fees. Not settling now may also cost you more in the future if a court decides more tax or penalties are due.

3. You get the facts straight from HMRC about what you owe so you can decide whether to settle. Registering for the Settlement Opportunity means that HMRC will work out the tax liability and any possible interest for you, meaning you can make an informed decision about whether to settle. You need to contact HMRC and register before 30 June for this to happen.

4. You need to pay what you owe but may qualify to pay over a period of time. Worrying about paying what you owe to get your affairs in order should not stop you asking about settlement. HMRC has already helped lots of customers who have genuine difficulty paying what they owe to agree instalment offers, we might be able to help you too.

5. If you have settled with us, you don't need to pay an Accelerated Payment Notice for the same tax. If you are in receipt of an Accelerated Payment Notice, you have to comply with it and payment is due within 90 days of payment. However, the tax dispute still needs to be resolved, which could mean litigation. Settling gives you final resolution and puts the past behind you. If you have settled with us then you have resolved your tax dispute and the Accelerated Payment will no longer be due.

6. You can find out whether you might have to pay Inheritance Tax. If you received your loan through an offshore trust, you might face Inheritance Tax charges further down the line. If you register, we'll provide you with a settlement pack which confirms current charges and tells you when Inheritance Tax charges might apply in future.

7. These loans are taxable – some promoters say all loans are not taxable – that's a myth. The Judge in Boyle v HMRC found that HMRC are entitled to tax loans where contractors receive them as payment for their work.

8. It will save you from possible court action as those that fail to come forward could face litigation with HMRC. HMRC wins around 80 per cent of cases where taxpayers and promoters take avoidance schemes to court.

9. This opportunity won't be extended out. HMRC won't be extending this opportunity, if you haven't registered by 30 June, you'll be too late. So come forward now.

10. Finally, you'll be doing the right thing. Around 99% of contractors and freelancers do not use avoidance schemes. So if you are using a contractor loan scheme, you are firmly in the minority. Come forward now to ensure you do the right thing.

How can I find out more or register for a settlement pack?

If you want further advice from HMRC on the risks with tax avoidance or wish to exit a scheme you can contact HMRC to discuss it on **03000 534226** (that's **+44 3000 534 226** if you are outside the UK) or email cl.resolution@hmrc.gsi.gov.uk. Tell us what loans you received and we'll send you out a settlement pack with a tax calculation, details of how to settle and some information about Inheritance Tax.

Further information on CLSO is available on our website at

[gov.uk/government/publications/tax-on-contractor-loans](https://www.gov.uk/government/publications/tax-on-contractor-loans)