



HM Revenue  
& Customs

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Dear Chris,

I am writing to you about the work we're doing in HMRC to alert people who may be drawn into tax avoidance schemes. Tax avoidance involves bending the rules of the tax system to try to gain a tax advantage that was never intended by Parliament. It deprives the Exchequer of vital funds, and it can also result in large tax bills for taxpayers who have used tax avoidance schemes that failed to deliver the tax savings they promised.

The most common form of mass marketed tax avoidance schemes is disguised remuneration (DR). DR avoidance schemes claim to avoid the need to pay Income Tax and National Insurance contributions on income from employment. These schemes often involve paying some or all of a worker's pay in the form of a loan, or other payment claimed to be non-taxable, that is unlikely to ever be repaid. The schemes do not work and the tax remains due. DR schemes particularly target contractors and agency workers, who are often paid through an intermediary such as an 'umbrella company'. Most umbrella companies are compliant and can ease the administrative burden for freelancers however in DR schemes non-compliant umbrella companies are often used to facilitate tax avoidance.

We are already doing a lot of engagement work in this sector:

- During the pandemic we identified that healthcare professionals returning to the NHS were being targeted by promoters of schemes. We highlighted this in our [Spotlight series](#); short publications on GOV.UK that provide information about tax avoidance schemes in order to warn workers to steer clear.
- Our marketing campaign includes a video highlighting the experience of a critical care nurse
- We have recently published the details of a promoter of a scheme targeted predominantly at physiotherapists, radiographers, nurses and social workers.

We continue to see promoters targeting the health and social care sector and we know many of these workers are ending up with big tax bills from their involvement in a DR tax avoidance scheme. In November, our annual update on [the use of marketed tax avoidance schemes](#) explained that 'hospital activities' is the sector where we have identified the most people who have used avoidance schemes work.

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Information is available in large print, audio and Braille formats.  
Text Relay service number – 18001



Colleagues in your department have been supporting HMRC by sharing our ['Tax avoidance - Don't get caught out'](#) communications campaign materials with your stakeholders. We are grateful for their efforts in helping to raise awareness among workers in the health and social care sectors.

We want to do more to warn workers in these sectors of the risks of getting involved in tax avoidance and I am asking for your help. I would be grateful if you could identify someone at a senior level in DHSC who could work with us to:

- share the attached products.
- help us keep track of who messages have been shared with to help us to co-ordinate our messaging.
- share any feedback you receive to help us improve our content and targeting.
- invite us to any relevant forums, webinars, or similar DHSC hold where we could reach out to workers and stakeholders.
- provide us with contacts within the sector, such as unions and other public bodies, who we could work with directly.
- help us find out more about new tax avoidance schemes that are being targeted at workers in this sector.

I appreciate your, and your colleagues', support in continuing to work with us to warn health and social care workers of the risks of getting involved in tax avoidance schemes.

Kind regards,



**Jim Harra**  
**CHIEF EXECUTIVE AND FIRST PERMANENT SECRETARY**