

Private and Confidential
Dan Neidle

By Email: [REDACTED]

Our reference ASH/1192251/HRX

19 July 2022

NOT FOR PUBLICATION

Dear Sir

The Right Honourable Nadhim Zahawi MP

1. Introduction

- 1.1 We act for the Right Honourable Nadhim Zahawi MP.
- 1.2 We write in relation to allegations of dishonesty that you have made against our client on your blog and via your Twitter feed.
- 1.3 You have said that you will not accept without prejudice correspondence and therefore we are writing to you on an open, but confidential basis. If your request for open correspondence is motivated by a desire to publish whatever you receive then that would be improper. Please note that this letter is headed as both private and confidential and not for publication. We therefore request that you do not make the letter, the fact of the letter or its contents public.
- 1.4 Please also do not misrepresent the nature of this letter. It is not a threat to sue for libel. It is a request that you reconsider what you have published and adopt a fair and balanced approach to your investigations.
- 1.5 Our client recognises that, as Chancellor of the Exchequer and an MP, he is accountable to the public and it is right that he be asked questions relating to the use of offshore companies. Our client also recognises that you are entitled to raise the questions that you have done about his tax affairs, especially given your expert status. Until recently, you have generally done so in a balanced and fair way, even if our client does not agree with much of what you have said and the assumptions that you have made.
- 1.6 However, our client takes objection to your allegations of dishonesty against him, as set out further below.
- 1.7 Since accusing our client of dishonesty, you have asked a series of open questions of our client on your Twitter feed and blog. Our client is not going to engage in a point by point response to each of your questions. He has already provided answers to similar questions to various media publications, which have all published articles on the subject - mainly in a balanced way.

- 1.8 Our client also does not consider that it is appropriate for him to be engaging in argument on personal tax matters over social media. There are more appropriate channels for such discussion, as you are well aware.
- 1.9 Please therefore refer to what our client has said publicly and the comments attributed to our client's spokesperson in the mainstream media. You will note that none of the media has accused our client of dishonesty in the way that you have.
- 2. Your allegation of dishonesty**
- 2.1 On Saturday 16 July 2022, in a series of tweets you directly accused our client of "lying" (to the media and therefore the public) in his explanations relating to the allocation of "founder" shares in YouGov. This is an allegation of fact and not an expression of opinion. You have since accepted as much in your most recent blog post.
- 2.2 Your basis for accusing our client of dishonesty in relation to his father's contribution (in terms of know-how and business expertise) in the early days of YouGov, appears to be based on your own speculation about events 22 years ago and on comments attributed to YouGov and unnamed employees of the business in *The Times*.
- 2.3 As you know, our client has explained the basis on which our client's father, Hareth Zahawi, was allocated shares through his investment company, Balshore Investments. These shares were in recognition of the £7,000 capital which our client's father contributed but also the considerable wider support that he provided, on an informal basis, in the very early days of YouGov in order to set it up, including ideas, business support, and know-how.
- 2.4 When our client told a journalist on background that his father had made a capital contribution to YouGov, that was correct. The fact that further clarity was later provided as to the wider support provided by our client's father was not in any way inconsistent with the reference to his capital contribution. Your reliance on this explanation as evidence of dishonesty is wrong.
- 2.5 What you fail to acknowledge is that YouGov was worth very little as a start-up when it was first set up in 2000. It was an idea shared between our client and his co-founders, none of whom had any idea that it would go on to be such a great success and therefore that the value of Balshore's investment would grow to the extent that it did. Our client had given up his job and was reliant on his father both to support him financially but also to get YouGov up and running. Whilst you may perceive Balshore's shareholding as an act of generosity by our client, this was not how it was perceived by our client at the time.
- 2.6 There are very few people who would remember the very significant contribution made by our client's father at this time, over 22 years ago. You will note that Peter Kellner (one of the founders) and Joe Twyman (one of the very first employees) have publicly noted their recollection of the early involvement of our client's father, which contradicts your interpretation of what YouGov said in its corporate statement. This should at least sound a note of caution that you are not in possession of all the facts.
- 2.7 You certainly do not have the requisite factual knowledge to say with certainty why our client's father decided to accept the YouGov shares through his existing investment company, Balshore Investments. You can only speculate. Any allegation that our client has evaded or avoided tax is strongly rejected. As our client has publicly stated numerous times, our client and his wife and children are not, and never have been, beneficiaries of Balshore or any entities related to it. For the avoidance of doubt, our client has not derived any tax benefit from loans or gifts provided by offshore entities to our client. A benefit in the form of repayment of a loan does not necessarily amount to a tax benefit. Our client has been clear on this publicly.

3. **Next steps**

- 3.1 Our client is not asking for a response to this letter. He does not want to get involved in a debate about semantics and historical tax matters when he has an important job to do. Should there be any serious questions to be asked about our client's taxes, HMRC will no doubt ask them and our client will respond accordingly.
- 3.2 However, our client does ask that you reconsider the false allegation of dishonesty that you have published and whether you have sufficient information to justify this. You are clearly an accomplished tax lawyer and your opinions are respected, as well as being followed by journalists and members of the public. It is therefore all the more important that you apply balance to what you publish and ensure that you can verify statements of fact that you assert.
- 3.3 Going forward, if you have questions to put to our client, please put them to our client's press officer in advance of publication such that our client has a reasonable opportunity to respond.
- 3.4 Our client reserves his rights in relation to what you have published to date.

Yours faithfully

A handwritten signature in blue ink that reads "Osborne Clarke LLP". The signature is written in a cursive, slightly slanted style.

Osborne Clarke LLP