

Tax, not cuts to plug public deficit

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AccountingWEB reports:

HMRC should focus less on spending cuts and more on chasing the £130bn in uncollected, evaded and avoided taxes, says the Public and Commercial Services Union.

The union warned that the main political parties were engaged in a bidding war over who could cut the most, whilst the government was losing billions to tax cheats.

The PCS estimates that £70bn is lost through tax evasion, while £25bn is lost through avoidance. It blamed some 25,000 job cuts at HMRC and plans to close 200 offices by 2011 for the £2.7bn rise in uncollected taxes last year.

"Job cuts in HMRC illustrate the short sightedness of crude cuts where staff chasing tax have been axed, even though they recoup £600,000 each after staff costs. It is no coincidence that as HMRC staff have been cut, the amount of uncollected tax written off as doubtful has nearly doubled," said Mark Serwotka, general secretary of the PCS.

PCS data on tax lost comes from my work.

Data on uncollected tax is something they specialise in though. And from my discussions with them it appears to me this is one of the big, and unrecognised aspects of the tax gap.

Why won't HMRC employ enough people to collect tax known to be due? Surely tax justice and being fair to honest tax payers demands that action be taken?