

# Greece's Hat Trick: Tax Collection

Published: January 15, 2026, 8:47 pm

---

My [latest column on Forbes](#) has the above title and says:

*One of the core issues at the heart of the Greek financial crisis is the enormous reluctance of the Greeks to pay tax. It's been estimated that the so-called shadow or black economy in Greece represents at least 30% of gross domestic product.*

*Average tax payments in Greece should, if tax were paid, be more than 30% of average income. So, when Greece's current deficit is running at just over 13% of its GDP it's easy to see that if 30% tax was collected on the 30% shadow economy, then the deficit would fall to about 4% of GDP overnight - very close to the target, which is 3%. In a nutshell, Greece's problems could be almost solved if only all tax due was paid.*

*Of course the issue is not as simple as that. No one, anywhere, at any time, has completely solved the problem of tax evasion. It would be quite unrealistic to claim it is possible to do so. But Greece is far from alone in facing this issue, even if it is doing so at a scale no other European country suffers. In the UK, for example, [I recently estimated](#) that unpaid tax is a massively more significant issue than the government has ever recognized.*

In November 2009 the UK government admitted there was 28 billion pounds (or \$40.8 billion) of unpaid tax. That's simply bad debt in the U.K. tax system.

On top of that there is, in my estimate--and the number is hotly disputed--\$36.4 billion of tax avoidance a year in the U.K., split broadly equally between companies and individuals.

Both, however, are dwarfed by UK tax evasion, which I estimate to be \$101.9 billion a year. The total of these estimates comes to over \$145.5 billion a year, of which the country's tax authority admits to just over \$72.8 billion.

That gap between the official estimate and mine is significant. The UK structural fiscal deficit, which is the ongoing gap between income and expenditure, is estimated to be around \$72.7 billion a year.

Greece is not the only country that could solve its problems if more of the tax already due was collected; the UK could as well.

President Barack Obama has already recognized this in part. He has given the IRS more resources to tackle offshore tax evasion, but in this respect he is unusual. The UK response to this crisis in tax collection is more commonplace: It is currently midway through a program of making a quarter of employees in its tax authority redundant.

This is the wrong response right now. Like Greece, the UK needs to collect the tax owed to it. The US likewise needs to collect more of its \$436.5 billion-plus tax gap. We all know times are going to be tough. But if that's the case then those for whom it should be toughest should be the tax crooks living in our midst who refuse to pay their share for the society we all live in. Politically it must be just about the easiest argument on earth to sell. And all it needs to fulfil it is modest extra public spending on tax officials, who are bound, just about anywhere--even in Greece--to collect much more in tax than they cost to employ.

I predict that even those governments, like the UK's, that refuse to accept this logic now will do so soon. Cutting public services, at least in Europe, is going to be deeply unpopular when it becomes intensely personal. The political backlash it will bring will be large across the spectrum. When that happens, collecting tax is going to look like a much more attractive option to all politicians.

In which case expect the taxman, wherever he is, to become a lot more aggressive sometime soon. And rightly so if the targets are those illegally ducking out of the system at present. There's no better target to diminish the strain of the recession.