

How come HMRC has 500,000 names of tax evaders but there

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Published: January 12, 2026, 8:09 pm

There has been some publicity over the last few days about H M Revenue & Customs having secured the names of 500,000 people in this country who have offshore bank accounts.

I obviously welcome the fact that they have this information.

Some of the data, we know, comes from HSBC in Switzerland, whose former chairman has been rewarded for his activities by becoming a trade minister in the coalition government. The [7000 names from this source](#) are thought to have £13 billion offshore. If the income is tax evaded they alone might be responsible for a loss of revenue to HMRC of £200 million or more a year.

The remaining names came from a variety of sources [according to the Sunday Times](#). However, I gather that the main sources were the UK clearing banks, who were forced to disclose information to HMRC more than two years ago. What I also gather is that almost none of the data has arisen from tax information exchange with any tax haven. There's no surprise there: these information exchange agreements are useless for that purpose.

There are, however, three big questions to ask.

The first is why has it taken so long to act on this data? It seems absurd that progress has not been made to date.

Second, where are the resources to come from to tackle this issue when HMRC is to lose 15,000 staff over the next few years? There is only one way to undertake a mass investigation of tax evasion and that is to employ people to do it. If there are really 500,000 tax evaders then 500,000 enquiries need to be opened. Why isn't the Revenue doing this? Why isn't it employing the people to do this? Doesn't it want the tax?

Third, and perhaps just as important, whilst it would be absurd to suggest that the average scale of offshore holding was of the extent reputed for the HSBC accounts in

Switzerland, the tax loss on each of these remaining cases has only to average £2000 pa for £1 billion of total tax evasion to have arisen. And yet, when offering its estimate of the tax gap the Revenue still claim that tax evaded in total with regard to income tax, National Insurance and capital gains tax is little more than that sum. The question has to be asked, yet again, as to why they are putting forward figures on the tax gap that are so clearly understated?

Is there some sort of deliberate ploy going on to ensure that far too few cases are investigated, with far too low yield found, which can be justified by stating the problem is far smaller than it is? That seems to be the only obvious conclusion, and if it is true it suggests that there is a serious problem right at the core of the management of this issue, which in turn suggests a need for a radical overhaul of the management of HMRC to ensure that it does the job that we all expect of it — which is to collect tax impartially, in accordance with the law, and without fear, ensuring as a consequence that everybody pays their rightful obligation.

Is it really too much to ask that the Revenue do that?