

Cameron speaks of responsibility whilst the accountancy...

Published: January 14, 2026, 11:00 am

From [Accountancy Age](#) earlier this week, and overlooked at the time due to other issues on the agenda:

The £42bn "tax gap" might be an illusion, accountancy institutes have said.

The figure is supposed to represent the difference between the actual tax collected and what should be collected. But institutes have said that HM Revenue & Customs' concept of a "tax gap" is not useful.

Chas Roy-Chowdhury, head of tax at the Association of Chartered Certified Accountants, told the This is Money website: "It is like trying to get hold of smoke. There is no proper idea what that is and then we are trying to close it."

David Heaton, chairman of the tax faculty at the Institute of Chartered Accountants, said: "I think the tax gap is entirely misleading. The definition of what taxpayers should pay compared with what is actually paid is not very helpful. It is less than helpful because nobody really knows what taxpayers should pay."

Roy-Chowdhury and Heaton also warned that the tax gap includes tax avoidance, which is legal.

An HMRC spokesman said: 'The tax gap is an important strategic tool, but we also set targets for the additional revenue generated through our compliance activity.'

I admit I find these claims from two representatives of the accountancy profession staggering. These people, representing professional bodies that are supposedly based on codes of ethical conduct, are effectively denying two things. The first is that tax evasion - blatant criminal behaviour - need be measured or targeted and secondly that tax avoidance - getting round the law - should be addressed in any way.

The language used - and I am sure the journalists quote correctly - is also telling. In hoping to sow doubt about the tax gap and by deliberately obfuscating on meaning the profession is asking that a blind eye be turned to what might collectively be termed tax

cheating - much of it in the grey area where avoidance merges into evasion. That dividing line - so often relied upon by the profession, who happily trot out the line that avoidance is legal (even if of highly dubious morality) and that evasion is not as if they always know precisely where the line between the two might be - is shattered by their own suggestion that they do not know what the proper amount of tax a person should pay is. They cannot, in other words, tell the difference between evasion and avoidance because too often it is not clear.

But that does not then mean that the tax gap (which is [clearly and unambiguously defined in exactly the same terms by both me and H M Revenue & Customs](#)) is not an issue. It actually means that it is a very real issue - and that tackling and stopping the two key components within it - both tax avoidance and tax evasion - should be at the heart of the ethical responsibility of the accountancy profession.

In other words - the line glibly trotted out here that tax avoidance is legal - should be barred from the excuse book of the UK's accountancy profession if they want to retain the privileges that go with that status. They must say that tax avoidance - the deliberate act of getting round the requirements of the law, rather than complying with them - is wrong. And they must instead make clear that the duty of the taxpayer, and the tax professional, is to promote tax compliance, which is seeking to pay the right amount of tax (but no more) in the right place at the right time where right means that the economic substance of the transactions undertaken coincides with the place and form in which they are reported for taxation purposes. I assure you, that's possible.

More than though - if the professions are to offer ethical leadership they have no choice but do this. In which context I'd remind the accountancy profession of the words of the prime minister, spoken yesterday. [He said](#):

"For me the root cause of this mindless selfishness is the same thing I have spoken about for years: it is a complete lack of responsibility in parts of our society.

"People allowed to feel that the world owes them something, that their rights outweigh their responsibilities and that their actions do not have consequences. Well they do have consequences.

"We need to have a clearer code of values and standards that we expect people to live by and stronger penalties if they cross the line.

"Restoring a stronger sense of responsibility across our society in every town in every street in ever estate is something I am determined to do."

He could have been speaking of those who promote tax avoidance whilst ignoring their duty to society and who in the process ignore their responsibility to society. He could have been referring to a profession that fails to weed out those who cross the line.

Evading the issue of the tax gap suggests the accountancy profession is moving in the

wrong direction. It's supporting those cheating the state of its revenues.

It's time for accountancy to embrace responsibility. And it has to do it now. It could do it by embracing a proper Code of Conduct for its members. [Start here.](#)