

# According to HMRC's tax gap report offshore tax evasion...

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I am well aware that ministers and HMRC's senior management like to say my criticism of their tax gap figure is misplaced. After all they say, admitting to £35bn of missing tax is a big deal, so how could they possibly have got it wrong?

Well, the detail shows why. I searched [their report](#) for a key word. It was offshore. It comes up once, on page 45 where they say by way of introduction:

*By matching data supplied by third parties to HMRC records, it has been possible to produce an estimate of the tax gap relating to income and capital gains of individuals taxed through PAYE but who do not receive SA returns. The income covered would not have been earned from employment and therefore the associated tax liability was not recovered under the PAYE system. As these individuals did not receive SA returns, the income and gains were also not reported through this means and thus additional liability was due.*

This is the way in which they estimate the total impact of the hidden economy - of which offshore is, by definition, a part.

So you then turn to table 8.8 to see how much they think they lose to offshore and there's the number in all its glory:

*Offshore bank interest - estimated tax gap - £3 million*

Now the UK has just claimed it has signed a deal with Switzerland - just one, albeit significant tax haven - which they claim will recover £5 billion of tax. And then there was the £3bn they claimed they'd get in Liechtenstein. And that's before we build in the Crown Dependencies and Cayman, the BVI and so on and on and on.

But in the tax gap report they say the total loss from offshore is £3 million a year. OK, they extrapolate that - but put it in context, they say the loss from undeclared rental income is 47 times higher and from UK interest is 22 times higher.

Who are they kidding?

This data is so obviously wrong it takes seconds to realise the deficiencies and gross under estimates in it. But they put it out as if it's authoritative and then dismiss criticism of it as if it is absurd they could be wrong. And yet they glaringly obviously are.

No wonder I stick by my estimate of the tax gap. And so should everyone else.