

The treasury admit that the tax gap is vastly bigger th...

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The Treasury has released some very limited data for 2010-11 based on tax returns submitted which, they say, indicates the scale of tax avoidance they need to tackle. The [Guardian reports it as follows](#):

The new Treasury figures show 10,000 UK taxpayers earn between £1m and £5m, and of those, 10% pay between 30% and 40% in tax, 5% pay between 20% and 30% tax, and 3% pay less than 10%.

The Treasury estimates that 400 taxpayers earn between £5m and £10m, and 5% of these taxpayers, or 20 individuals, pay less than 20% in tax.

Of those earning between £250,000 and £500,000, 27% were paying tax of less than 40%. All the figures cover the financial year 2010-11.

Now this is very, very extrapolated data and far from complete for the income ranges in question. Clearly HMRC will have much better data than this. But doing reasonable calculations based on just this data and by comparing these tax rates with those anticipatable for the income brackets in question (49% overall in the top two and 42% in the £200,000 to £500,000 bracket) my estimate is that this data show approximately £1.6 billion of tax avoidance to be taking place by just these groups. And remember, this number ignores all the income these people may have put in companies, transferred to spouses and treated as capital gains. This is just tax avoidance on their tax returns. And the resulting number, vastly incomplete as it is is nonetheless bigger than last September's official estimate for all tax avoidance for income tax, capital gains tax and national insurance combined, [which came to £1.5 billion](#). Now though the Treasury have admitted for one small part of the tax take, and with only very partial analysis, that the tax gap is bigger than that - and their new figures ignore capital gains tax, national insurance and all the other issues I note, meaning that very obviously the total tax gap for individuals over all taxes is vastly bigger than this £1.6 billion estimate. The credibility of my original estimates is again reinforced. More importantly, the need for action is now increasingly obvious. So when are we getting the announcements on action George?