

Tax evasion - why HMRC's estimates are wrong

Published: January 14, 2026, 5:44 am

HMRC dedicate a lot of time [in their response to my work on the tax gap](#) saying why my estimate of tax evasion might be wrong. What they fail to acknowledge are the very obvious deficiencies in their own work, which they [have admitted elsewhere in 2009](#), saying (page 22):

At present tax gap estimates are available for the main sources of revenue loss in Income Tax, National Insurance Contributions, Capital Gains Tax and Corporation Tax.

Direct tax gap estimates are produced using “bottom-up” methods. This means that components of the tax gap are estimated using departmental sources, such as surveys, administrative and operational data. The bottom-up method is less comprehensive than the top-down method used for indirect tax gap estimates because by its nature much of the gap arises from activities that are deliberately concealed. In addition because the bottom-up methods are based on compliance activity which can, in some cases, take years to complete the resulting tax gap estimates typically apply to earlier periods than those from the top-down methods.

They neither admit this to parliament, or acknowledge that my work overcomes these deficiencies. Instead they seek to dismiss it on grounds that are spurious, as I will show when I have time. But its the sheer dishonesty of their not admitting their own work is seriously deficient when they know that to be true that annoys me right now.