

The FT - and my "dangerous" work on the tax gap

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[The FT reported](#) on [HMRC's rebuttal](#) of my [work on the tax gap](#) yesterday, saying:

Revenue & Customs slammed claims that [tax-dodging costs the country £120bn a year as "misleadingly high"](#) in a report to MPs on Friday that sought to reassure the public that over 90 per cent of liabilities were collected.

It said its own [£35bn figure for the tax gap](#) — the gap between revenues that should be generated by the tax system and those actually collected — was "much more realistic" than the £120bn estimate that has been adopted by trade unions and activists, including the UK Uncut group.

It said the inflated figure was "dangerous" if left unchallenged because it gave a misleading impression of HMRC's effectiveness and would encourage non-compliance by suggesting it was the norm. Richard Murphy, a campaigner who calculated the £120bn estimate, rejected HMRC's criticisms. He called on HMRC to increase staff levels and crack down on small companies that were not filing tax returns or company accounts.

Mark Serwotka of PCS, a union representing HMRC staff, said: "The tens of thousands of staff in HMRC know that Richard is not overstating the tax gap, and they know that as well as it being an issue of political will, the problem is one of staffing.

"With 10,000 more job cuts planned by 2015, the government stands no chance of tackling this, when even a modest dent in the billions lost to our exchequer would change the debate about public spending overnight."

I'm grateful to Mark. His comment highlights all that needs to be known on this issue. When HMRC are dedicated to decimating their staff they're not going to admit that doing so is going to massively harm the tax yield, are they? Whilst we have HMRC's policy set by a board dominated by people from big business who have undertaken the most perfect example of regulatory capture of a public institution for private benefit as a result of which they demand that it cuts the resources available to collect the tax due to this country at benefit to large corporations they're bound to describe my work that challenges their approach as dangerous. I sincerely hope my approach is dangerous to

their best interests: it is meant to be. But it is in the best interests of the UK and for HMRC to say that my campaign to collect more tax using more staff to do so in pursuit of those who currently break the law without fear of prosecution is dangerous because I'm encouraging law breaking by showing how easy it is can only be described as disingenuous at best, and Orwellian in tone. It does not help that, as I have shown their own estimates are so riddled with errors, inconsistencies and straightforward wilful misstatement that anyone can see through them. I stand by my estimates - acknowledging that that is what they are - and all the more, I stand by my demand that they take real action to close the tax gap - which is what they are refusing to do.