

# Why are HMRC so rattled by my estimate of the tax gap?

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Taxation magazine published an article yesterday on the tax gap by Ed Hagger, a deputy director of H M Revenue & Customs. The [article is behind a firewall](#) so not accessible to most people. Suffice to say that it is, to some extent, [a re-hash of the last four pages of HMRC's submission to parliament in May](#) when they specifically described my work as dangerous.

As Hagger puts it in this new article::

*Academics and members of the accountancy profession have argued, most recently during the Treasury select committee hearing on the administration and effectiveness of HMRC, that the tax gap should exclude avoidance and that therefore HMRC's £35bn estimate is too big.*

Meanwhile, campaigning group [Tax Research UK](#) has calculated a tax gap of £120bn.

How do we use our tax gap estimates? Why we are confident that our figure is about right? Why is £120bn way off the mark?

Thereafter somewhat more than half the article is dedicated to saying why I'm wrong, which I could just brush off as either amusing or flattering, but it's something more than that, so it's worth thinking about.

First, it's very odd for any government department to spend so much time rebutting the argument of one individual. It was strange that they did it to parliament; it's as strange that they're now doing it in one of the tax profession's favourite rags. Why is that? Could it be that they're seriously rattled?

Second, if they were seriously trying to engage in debate why haven't they asked to see me to discuss this issue? They could, at any time, and they know I'd go, and what is more that if they asked me to not talk about doing so I wouldn't: that happened countless times before 2010. So what are they frightened of in seeing me face to face? And why have ministers like David Gauke, who has to have approved this article (there's no way it would have come out without ministerial approval) so persistently

refused to meet me?

Third, why if HMRC are serious do they ignore all the counter arguments I've ever put forward to their suggestions, not least about my work (where many of the claims they make are ridiculous, at best, and worthy of Tim Worstall at worst)? Many [of those counter arguments are here](#).

Indeed, fourthly, why can't Hagger even manage to specifically reference my work - once - in what he says despite there being 14 footnotes (One to my blog, generically)? Has he actually read what I've written?

Fifthly [why does Eggar ignore the fact that the EU has now endorsed my work on tax evasion](#) - which happens to concur with the work he's criticising?

But perhaps, most tellingly, why does Hagger end his article saying:

*Further work is under way to establish more robust measures including all elements of the tax gap, and we would welcome engagement with the academic community to progress our understanding of this difficult but important problem.*

If he's so keen to understand why isn't he in discussion with me, the Tax Justice Network, the TUC, PCS, and others, all of whom disagree with him?

And why is the budget allocated to this supposedly crucial task so small? I gather it's just £15,000.

Finally, if it's so hard to measure the tax gap, why is he so sure he's right and I'm wrong? Or is it just - as I think - that this is a mighty big game of bluff being paid here by HMRC to deny the reality that they're vastly more inefficient than they claim - and that's because of the massive spending cuts that are decimating the department and its effectiveness?

Given Hagger's refusal, and the refusal of his bosses, to engage in real debate I think that's the real motive for their misinformation - in which case I'll more than happily continue to expose just how absurd HMRC's politically motivated estimates are.