

Funding the Future

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The FT has reported [this morning that](#):

Cases of serious tax evasion in the UK have hit their lowest level in the past five years as HM Revenue & Customs (HMRC) has ramped up its crackdown on tax evasion.

I have to be honest and say I simply don't believe them. The report claims that:

In the year to March 31 local HMRC offices pinpointed 2,888 suspected cases of serious tax evasion — a 16 per cent drop on the previous year and a 36 per cent drop from 2011 levels.

HMRC defines cases of serious tax evasion as being one that is concerned with the evasion of tax totalling £50,000 or more, or if prosecution would be possible. These cases are then passed on to the central 'Evasion Referral Team'.

Now I'm sure the numbers reported are right, it's their causation that worries me. Staff have been cut by over a third at HMRC in a decade and ten thousand more jobs are meant to be going and yet, apparently, evasion is down. Of course that is possible, but I think it considerably more likely that the explanation for this is that cases are simply not being identified - which is far more likely with fewer staff to find, investigate, refer and pursue such cases.

To check that possibility let's note the fact that [according to HMRC tax evasion](#) in its varying forms is not less than £22 billion a year - in itself an utterly implausibly small number. And then let's assume that whilst a case had to be worth £50,000 to be in this categorisation the average was at least twice that at £100,000. That's just £288 million of tax evasion identified - or just 1.3% of the total. I'm not sure how you can extrapolate as they have on that basis.

And, respectfully, when £3 billion of funds have apparently just been remitted from Switzerland representing in every case potentially tax evaded sums I have a more than sneaking suspicion that someone, somewhere, is making up a line about this which cannot be related to the facts on the ground, the facts being reported and the evidence from within HMRC.

I think we should actually be worrying, quite seriously, about HMRC losing the plot.