

# f HMRC are winning by prosecuting why aren't they dema..

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As the [Guardian reports this morning](#):

*The number of criminal prosecutions for tax evasion more than doubled in the UK during the last tax year, amid claims that the exchequer has increased its hit-rate by targeting "small time" offenders suspected of defrauding the taxpayer.*

*HM Revenue & Customs successfully prosecuted 617 people for tax evasion during 2012/13, up from 302 in 2011/12, according to figures obtained by the law firm Pinsent Masons. The figures were well in excess of [HMRC](#)'s target of 565 prosecutions for the year, but come after missing what critics said was an artificially low target of 365 in 2011/12.*

To most people I suspect the number of prosecutions will be surprisingly low. They are. The tax gap for evasion is £70 billion in the UK in my estimate and even HMRC thinks it is somewhat in excess of £20 billion. In that context the number of prosecutions is tiny. That is, however, because HMRC have traditionally settled evasion cases without prosecution by collecting tax owing by contractual agreement with civil penalties (often quite heavy) being imposed. But, as the Guardian notes:

*Jason Collins, a partner at the law firm, said: "In the space of just one year, HMRC has massively ramped up the numbers of cases it takes to the criminal courts in order to clamp down on tax evasion. However, to hit that target and maximise the deterrent effect, HMRC is now taking criminal cases against the kind of tax evaders it would have previously seen as small time. This means criminal cases against 'middle class' professionals and trades people who are evading what are relatively small sums of money." He added that buy-to-let investors are increasingly in HMRC's sights, as are those seen to be in positions of trust or responsibility, such as lawyers, doctors or financial consultants.*

I strongly suspect that is true and have no problem with it: I think to target opinion formers and those calculatingly omitting investment income from tax returns an overdue development. Tax evasion has, for too long, been seen as a socially acceptable

crime. It isn't. But as the Guardian notes, HMRC deny they are pursuing any such policy, which is absurd, since they are clearly targeting the groups mentioned.

*Doing so does, however, have the benefit for HMRC of making it easier to achieve targets. Many of these cases are pretty black and white and straightforward. The temptation to prosecute them rather than higher profile cases must be strong, especially in view of past criticism. As the Guardian note:*

*Tax justice campaigners have said that they believe that the fall in the numbers of cases identified might have been the result of fewer HMRC staff to detect evasion. In June, Richard Murphy of Tax Research UK [wrote in his blog](#): "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".*

But again HMRC do not agree:

*A spokesman added: "HMRC has taken our share of staff efficiencies, however, we are delivering more than ever. Last year we brought in a record £470bn in revenue and were involved in over 750 prosecution cases [617 of which were successful]. We are on target to increase prosecutions five-fold by the end of 2014/15."*

Respectfully, that's crass. Anyone with any sense knows there are cases that are easier than others to take.

I am not saying it is wrong to take these cases: tax evasion is a bigger issue than avoidance and I want it tackled. But why, oh why, can't HMRC admit what they're doing?

And if their targeted approach on particular professions in particular areas is so successful why can't they have the guts to demand a wider roll out so that they can achieve even more? The banality of the thinking inherent in their public statements is staggering when it is so obvious that a considerably more plausible argument would be so much easier to present, and would be so much more acceptable.