

# 10 years for benefit fraud is absurd when 99% of tax fr...

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The [Independent carries the following, absurd, report this morning](#):

*Benefit cheats will face increased jail terms of up to 10 years in a crackdown on those who "flout the system", Britain's most senior prosecutor has said.*

*Keir Starmer QC warned it was time for a "tough stance" against the perpetrators of benefit and tax credit fraud as he set out new guidelines for the Crown Prosecution Service (CPS).*

*The Director of Public Prosecutions said the £1.9 billion annual cost of the crime to the taxpayer should be at the "forefront of lawyers' minds" when considering whether a prosecution was in the public interest.*

*Suspects can now be charged under the Fraud Act, which carries a maximum sentence of 10 years in prison, the CPS said. In the past, benefit cheats have often been pursued under specific social security legislation which carries a maximum term of seven years.*

*A financial threshold which prevented benefit fraud cases of less than £20,000 from being sent to crown court will also be abolished, the CPS said.*

Now don't get me wrong: I have a dislike of all fraud.

But let's also get some facts straight. Tax evasion amounts to £70 billion a year and tax avoidance to £25 billion a year. Yes, I know they're my estimates, but the European Union uses them even if HM Revenue & Customs insists the combined number is a ludicrously low £32 billion a year. In my opinion tax fraud is at least 50 times bigger than benefit fraud.

And the fact is that benefit fraud is massively outweighed by unclaimed benefits - [which are at least £12 billion a year](#).

But most offensive of all is the fact that vast numbers of tax cases involving fraud are

settled by confidential contractual arrangements. This has to date included almost all the offshore cases settled as a result of disclosures from Swiss banks and via the official disclosure regime from Liechtenstein. And when I searched for evidence of tax sentencing [I found this trumpeted in an HMRC document](#):

*A recent prosecution involved a financial adviser who assisted a client in committing £900,000 in VAT fraud. He then gambled some of his share of the proceeds away in a London casino. When charged with cheating the Exchequer he claimed to be ill and unable to attend court, but CCTV footage obtained by HMRC showed him attending a casino at the time that he claimed to be ill and he has now been jailed for five years.*

Tax fraud is now subject to maybe 400 prosecutions a year. The penalties are small. But ten years is being threatened for benefit fraud. The publicity, the sentences and the messaging is all disproportionate and the allocation of resources is all wrong.

Tax evasion is the cancer really causing a crisis in the UK, undermining fair competition, destroying trust, eroding professional standards, fuelling austerity, driving misery and denying our children a future. But it's benefit fraud that is picked on. That's warped logic if ever there was evidence of such thinking.