

# Today's Public Accounts Committee Hearing with HMRC - e..

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I blogged twice this morning in anticipation of today's Public Accounts Committee investigation of HMRC relating to its 2012/13 accounts. I [suggested questions needing answers here](#) and [questions for Ed Troup, here](#).

It would seem, having listened to this afternoon's hearing that my pre-breakfast question setting was not a wasted exercise: a great many of the points I raised came up in the hearing, by chance or otherwise, whilst the blog on Ed Troup was specifically referred to by him when he was questioned by Margaret Hodge on whether he wrote 'Taxation is legalised extortion', which he finally, and inevitably had to admit.

That though is not the main point of record for now. The point is to record impressions of what was learned.

Firstly, I learned from Twitter that the profession - who otherwise hate HMRC- always love them when Margaret Hodge is giving them a rough time. I think we can be sure that there is a reason for that though - which is that the profession like the HMRC light touch.

Like the light touch that means HMRC do not recognise the tax gaps resulting from most corporate tax abuse - as they had to admit.

Or the light touch - best called an open gift to big business designed by KPMG secondees to HMRC - that the new controlled foreign company regime represents.

And the light touch approach to Eurobonds

Or the light touch that means that so far of 18,000 names received under the Swiss tax deal only 9,000 have been contacted, just 200 have settled and one has been prosecuted.

Or the light touch that says signing a declaration on a tax return saying it is correct is not apparent evidence enough to prosecute for evasion even when cash in a tax haven has been omitted.

Or the light touch that does not apparently demand that the Swiss explain why the £40 billion of cash believed to be held by UK residents there has not materialised in practice.

And the light touch that trusts Swiss banks to get this right.

Or the light touch that will not prosecute tax cheating and yet is apparently keen to prosecute social security fraud.

And then there was the problem with amnesia. I am wholly unsurprised that Margaret Hodge was frustrated by a permanent secretary for tax who did not know who prosecuted tax cases. Or who did not know who was on his board. Or who did not know when the GAAR came into operation. Or that the EU [has got an estimate of its tax gap](#) - even if Ed Troup does not want to recognise that it has on its web site just because I prepared it. Why not, for heaven's sake?

I was wholly sympathetic too with MPs' frustration at the dissembling they were presented with. There are times when Yes or No is the right answer. Witnesses should know that and say so when they do.

What else did we learn? That the tax gap estimate from HMRC is 'the tip of an iceberg' when it comes to the real issue.

And that HMRC think that consultations will tell them about the ways in which companies will exploit new legislation (how naive is that?).

And that the Swiss are running circles around us on information exchange.

Plus the fact that the controlled foreign companies rules are now being openly abused.

Oh, and HMRC have not tried to link claims that the number of self employed is rising with new self employed registration data.

Just as they seem to think that if a company does not trade in the UK it does not need to pay tax here (a law that was changed in the 90s and on which the technical commentary made by HMRC was just wrong!)

I could go on, and on. I could even mention that HMRC did not seem overwhelmed by the idea of either Richard Brooks or myself being appointed to their board (why not?). And that to follow that up they said they "usually consult tax professionals" in the final stages of consultation, as if to deny that Richard and I are just that.

It was not an edifying afternoon - especially from Ed Troup who seems to have been sent from central casting to fill the role Dave Hartnett once played.

But it has to be said there is good reason for that concern. I want to believe, very

strongly, in HMRC. So I want them to be consistent, open and fair. That was not what we got. One minute it was said HMRC does not do deals. The next there was talk about deals agreed. Then it was said HMRC does not prosecute - but it does decide whether to send any case to the CPS, so of course it makes the first decision on whether a case is prosecuted, or not. And it was said HMC does not do policy. And then they talked about their policy consultations. And these things do matter. They're about credibility and this was not a credible show.

And I'm not pleased about that. I'm deeply disappointed. I want HMRC to work. On this evidence it is not. And that's just not good enough and the PAC, once again, did the right job in exposing that fact.