

PCS press release on new tax gap report

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PCS have just issued the following press release:

Tax evasion spirals to more than £80 billion a year, new figures show

The cost of tax evasion to our economy spiralled to more than £80 billion last year, [according to new figures for the Public and Commercial Services union](#).

A report by tax expert Richard Murphy, being launched on Tuesday (23) at the Labour party conference, reveals the overall amount of tax owed, evaded or avoided has barely reduced since 2008, despite government pledges to be clamping down.

While tax debt and avoidance have fallen, partly due to the effects of the recession, a more comprehensive analysis of tax evasion using new data shows it increased to £82 billion last year. If unchecked, evasion could rise to £100 billion by 2018/19, Murphy concludes.

His report calls for a range of measures, including a reversal of the job cuts in HM Revenue and Customs that have meant a 43% reduction in the workforce in little more than a decade.

The launch comes on the same day as HMRC's "thanksgiving service" in Westminster Abbey, which the union believes is ill-judged.

The report focuses on:

- Tax evasion in the shadow economy: economic activities that are not recorded or declared to avoid government regulation or taxation***
- Tax lost as a result of other criminal or fraudulent activity in the UK economy***
- Capital gains tax and inheritance tax and offshore tax evasion***

- Tax evasion on investment and rental income

And suggests the following measures:

- Introduction of a proper anti-avoidance rule into UK tax law**
- Introduction of country-by-country reporting for multinational corporations**
- Reform of small business taxation to discourage avoidance and tackle tax evasion**
- Enforcement of proper regulation of companies in the UK to ensure they file their accounts and tax returns and pay the taxes they owe**
- A reversal of the cuts to staff in HMRC and Companies House**

In 2005, HMRC had 92,000 staff. It has now less than 62,000 and by 2016 it is expected to have around 52,000.

The department announced in June a further 23 offices would close. This follows last year's decision — against the majority of views expressed in its consultation — to close all of its 281 walk-in enquiry centres.

PCS general secretary Mark Serwotka said: "While politicians of all parties are falling over each other to claim there is less money around, this important report reveals why and how we can tackle it.

"Collecting even a fraction of these stolen billions would change the debate about public spending overnight and allow much-needed investment in our communities instead of more damaging cuts."

Richard Murphy, director of Tax Research UK, said: "This report provides the most detailed explanation of tax evasion in the UK economy offered by anyone to date, revealing it could be almost four times as much as HMRC's estimate.

"HMRC has persistently refused to engage with alternative calculations of evasion even though the International Monetary Fund has suggested it is not as good as it likes to think it is in identifying tax losses.

"If we are to have a fair tax system in the UK that creates a level playing field for everyone, we need a tax system run by a tax authority that seeks to collect all the revenue due to it. We do not have that right now and the result is social injustice throughout the UK."

ENDS

Notes

- The report, 'The tax gap: tax evasion in 2014 and what can be done about it', will be launched at a lunchtime fringe meeting at Labour conference on Tuesday. Follow the link above for the executive summary; full report available on request

- Contact PCS national press officer Richard Simcox on [020 7801 2747](tel:02078012747), [07833 978216](tel:07833978216) or richard@pcs.org.uk

- PCS is the UK's sixth largest union and represents civil and public servants in central government and in parts of government transferred to the private sector. Mark Serwotka is the general secretary and the president is Janice Godrich — on Twitter @janicegodrich

- Follow PCS on Twitter @pcs_union