

Funding the Future

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HMRC [issued a statement on tax evasion this afternoon](#). As they say (in part):

Since April 2010, the government has:

- * *secured £100 billion of compliance revenues*
- * *secured £31 billion from large business compliance work*
- * *brought in £2 billion of revenues from offshore tax evasion through international agreements and disclosure facilities*
- * *collected £135 million in tax, interest and penalties from people on the HSBC Suisse list*
- * *secured £852 million from the UK's 6,000 richest people*
- * *made 42 changes to tax laws*
- * *won more than 80% of cases in tax tribunals*
- * *five-fold increase in criminal prosecutions for tax crimes*
- * *prosecuted more than 2,650 individuals for tax crimes*
- * *secured 2,718 years of prison sentences.*

See [HMRC Fast Facts](#) for more information.

First, quite specifically the government has not done this. HMRC is a non-ministerial department to prevent government claims on this issue. It is now apparent HMRC does not know where it stands constitutionally.

More importantly, if you follow the link on criminal prosecutions you get this table:

Those cases total 2,005 convictions.

So have they successfully prosecuted 645 people in 10 months this year? Maybe: but the data is not available.

What is available is data that casts very real doubts on the validity of these claims. I refer [to a Mail article in 2013 that says:](#)

An injection of funds two years ago to help crack down on tax fraud saw HMRC launch 240 prosecutions against individuals last year, a jump of 53 per cent on 2011,

according to an international law firm.

But the number of convictions was only up 4 per cent - 154 compared to 151 - meaning a lower proportion of actions are ending in convictions. Pinsent Masons said there are doubts about the Criminal Prosecution Service's (CPS) ability to deal the increased caseload.

And then I [found this in the Guardian](#):

The number of criminal convictions for tax evasion has jumped by more than a third during the last year as part of a new crackdown by HM Revenue & Customs (HMRC), according to law firm McGrigors.

It said HMRC figures, obtained following a Freedom of Information request, showed there was a 38% increase in convictions for tax evasion, with 148 convictions secured in the year to 31 March 2011, compared with 107 the previous year.

So it would seem that based on Freedom of Information requests to HMRC the real rates of conviction for income tax evasion (which is what the press release relates to) years for which data is available might be:

2009 - 10 = 107

2011 - 12 = 148, or maybe 151

2012 - 13 = 154

In other words, HMRC are massively overstating their claims for those years this afternoon.

There is also doubt about the data for subsequent years. [As the Guardian reported last October](#):

The tax authority set a target of prosecuting 1,165 people a year for tax evasion by the 2014/15 financial year, but analysis of the last tax year shows HMRC prosecuted just 795 people. It means HMRC will have to increase the number of prosecutions this year by 46% to hit its target.

Analysis by Thomson Reuters shows that despite the government pumping in an extra £1bn to beef up HMRC capabilities the number of prosecutions increased by 29% to 795 in the 2013/14 tax year. The number of prosecutions more than doubled between 2011/12 and 2012/13 to 617.

795 in 2013/14 is way short of 915, just as 617 is way short of 770. Even the gross numbers do not stack in that case. But let's also be clear: if in 2012/13 the true figure is half of 617 that's more than double the 154 actually convicted.

None of this makes sense unless, of course, [we note what HMRC says elsewhere on convictions in 2013](#):

Between January and the end of November HM Revenue and Customs (HMRC) investigations led to 690 successful convictions — up from 477 in 2012, and the highest since the 2010 Spending Review. These convictions led to sentences totalling 355 years in prison.

The investigations covered everything from complex VAT, income tax and benefit frauds to smuggling cases.

So, suddenly the reason for the difference is apparent. Although the data issued today is headed:

Statement by HMRC on tax evasion and the HSBC Suisse data leak

the actual information to which it refers in support of its claims includes prosecutions for benefit fraud, smuggling, VAT fraud and maybe other things in addition to anything remotely related to income tax evasion and offshore.

The truth is conviction rates for all income tax fraud (not just offshore) were in total only 28% of those claimed by HMRC in this release. And by then the increase in conviction rate was actually declining.

The fairest description of today's claim from HMRC is that it is a very dodgy dossier indeed. More fairly still, I'd call it something little short of a fraudulent misrepresentation of the truth.

Hat tip: [@jolyonmaugham here](#)