

The National Audit Office prove why we need an Office f...

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The [National Audit Office issued a report on the work of HM Revenue & Customs yesterday](#). I am sure it was not their intention to do so, but in the process they proved precisely why we need an Office for Tax Responsibility.

Whilst I am sure it is competent within itself there are three fundamental flaws with the NAO report.

The first is that it is issued by a former global managing partner at PWC, [Sir Amyas Morse](#). With respect, [a man who headed an organisation that engaged in industrial level global tax avoidance](#) of which he must have known and from which he must have profited is not fit to head any public body, let alone one tasked with any matter relating to deciding whether HMRC is doing a good job or not.

I note the [FT says](#) of the NAO report this morning:

The tone of the report was strikingly positive, given that the Revenue has faced frequent criticism from MPs and others.

I cannot help but think that from the perspective of a PWC partner HMRC is doing just fine in not collecting tax, and that by itself discredits the report.

Second, the report supposedly looks at HMRC's "progress towards achieving its primary objectives of maximizing revenue and making sustainable cost savings." Staggeringly, it does not in the process examine issues relating to the calculation of the tax gap. It only mentions the issue twice, and then only in connection with the sum estimated for tax avoidance by HMRC. It has clearly not therefore tried to estimate whether or not HMRC have correctly calculated the maximum revenues it might collect and as a consequence all the conclusions that follow in the report are bound to be wrong. If you do not define the audit population correctly, as the NAO has clearly not done, then you cannot draw proper conclusions. This is a failed audit in those terms.

And third, the NAO says HMRC is failing in its customer service but seems to make no link between that and the success HMRC is having in cutting costs. If the NAO were

truly independent as it claims I do not see how this link could have been missed.

The NAO is not fit to audit HMRC on the basis of this evidence. We need an Office for Tax Responsibility to do the job. And it must not be captured by PWC and the other members of the Big 4 accountancy oligopoly.