

Parliament did not give HMRC arbitrary powers - and the...

Published: January 13, 2026, 10:14 am

It's [very clear from comments made on Radio 4 this morning](#) by HMRC that they have basically waived penalties for all taxpayers who appeal against penalties for sending in tax returns late.

I have [already commented on this once today](#), but it seems worth doing so again (not least because I have had a lot of calls on the issue).

In my opinion what HMRC is doing now is ignoring the will of parliament. When self assessment was introduced into UK taxation significant penalties for filing to comply with the tax return submission system were introduced precisely to ensure that most people did so. Around 90% of people do so each year. Rather oddly, the 10% or so failure rate accords closely to the percentage tax gap.

And that is my point: HMRC not chasing these tax returns and allowing penalties to be avoided by those who file late, for whatever reasons so long as they are brazen enough to offer one, send out the message to tax cheats that tax compliance is voluntary.

That's great news for a government that wants reducing tax revenue as an excuse to cut the size of the state. It's a disaster for honest people and those who rely on public services.

I believe that what is happening here is not chance: it is part of the process of denying tax revenue to the government. And if that's the case then HMRC is acting both politically and beyond the law as well as ultra vires its powers and those responsible should themselves be brought to account.

Why, oh why, has Margaret Hodge given up the PAC?