

The crackdown on tax abuse is failing because HMRC don't..

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The [Mail has reported](#):

A clampdown on tax evaders who have salted cash away offshore will fail to hit its target of more than £1 billion because of a lack of resources at the tax office, the Government's own budget watchdog has admitted.

The Office for Budget Responsibility said the measures to collect tax from dodgers who had funnelled cash into havens such as Jersey, Guernsey and the Isle of Man would raise just £270 million rather than the £1.05 billion which had been trumpeted — a £780 million shortfall.

The alert was buried in the fine details of the OBR's 260-page report on last week's Budget.

I had missed this so went to the report to find the detail, which is as follows ([page 223. here](#)):

'Tax repatriation from Jersey, Guernsey, and Isle of Man' — this Budget 2013 measure announced a disclosure facility with the crown dependencies and was originally costed to raise £1,050 million from 2013-14 to 2017-18. This was made up of two main elements: the voluntary disclosure of unpaid past tax liability (which would run from 2013-14 to 2016-17) and an information exchange agreement whereby from 2016 onwards HMRC would receive annual information on UK resident account holders that would generate future compliance yield. We lowered our forecast of the total yield to £800 million in November, but also changed the profile having considered evidence from HMRC on the extent to which any initial yield lost through lower disclosures would be recouped through additional compliance activity in later years. The disclosure facility closed on 31 December 2015 and HMRC has informed us that there were far fewer disclosures than expected. They believe this is due to a number of factors, including HMRC campaigns being less effective and with less coverage than expected and a perceived lack of awareness from those targeted. HMRC is also now less optimistic about how much of the lost yield can be recouped through additional compliance

activity, on the basis that they are unlikely to be able to work the higher number of additional cases on top of existing workloads. Taking both factors into account, we have lowered the costing for this measure by a further £530 million

Let's work this one through then.

First, it is admitted that HMRC did not run this campaign well.

Second, it is admitted that was because they did not give the campaign the required coverage, which must be down to resources.

Third, it is now admitted that HMRC cannot in any event work the additional cases that the disclosure is giving rise to because they do not have the resources to do so.

And fourth, the message is that very clearly we'd rather lose more than £700 million than invest to beat criminal activity. After all, why worry about beating crime when cuts imposed on people with disability can pick up the slack whilst the dogma of cuts can be kept intact?

The result of this is however all too obvious: all the other announcements on tax abuse will fail for exactly the same reason unless HMRC is given the resources it needs to do its job. But there is no sign that will happen. And so the crooks win, and those in need in this country will lose, yet again.

I have been predicting this outcome for a long time. Automatic information exchange from tax havens will fail for this reason. So too will country-by-country reporting. To suggest that this represents gross mismanagement by HMRC and callous indifference by HM Treasury and the government is to understate the case.

Please feel free to be angry. It is the only appropriate response.