

HMRC's hopes of high quality data from tax havens may b...

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According to an [HMRC press release](#) issued yesterday that announced new obligations on tax evaders if they were to avoid tax geared penalties of up to 200% of the sum evaded:

Tax evaders are set to face tough new sanctions under plans detailed by HM Revenue and Customs today.

The proposals will mean that those who do not come forward and pay outstanding taxes from offshore investments and accounts, could face even tougher penalties of up to three times the tax they try to evade, and increase their risk of potential criminal charges.

HMRC will be even better able to target evaders from October 2016, when it starts to receive an unprecedented amount of data on those with offshore accounts in the Crown Dependencies and Overseas Territories — one year ahead of even more data coming in from across the globe, when the Common Reporting Standard comes into force.

Let me be clear that I welcome the penalties.

I also welcome the suggestion that evaders must cooperate with the supply of information to reduce their penalty charges.

My question here is about the press release. HMRC say they will receive unprecedented data flows from tax havens in the near future, but then anything is better than not a lot. My concern is that this data will not be of much use.

I know tax haven authorities are now meant to have put in place arrangements to ensure that they can identify the beneficial ownership of companies and trusts so that information on sums earned via these entities can be linked to persons living in other jurisdictions, like the UK. But the question has to be asked as to whether they have really done this.

I know there is evidence that their systems may be better than those in the UK but that

again is not much reassurance. As I have long argued the information on beneficial ownership in the UK is like an honesty box arrangement: those with nothing to hide will supply the data and those who do not want to tell can simply say the system does not apply to them, give no data and no one will ever investigate to check whether that claim is right or wrong.

Can we really be sure that offshore arrangements are much better than this? And how will we ever know when these places absolutely refuse to have verified public registers of the beneficial ownership of companies and trusts recorded within their jurisdictions?

My suspicion is that data quality from tax havens will be poor at best. After all, those using tax havens aren't noted for their honesty and the organisations that help them aren't noted for their love of helping tax authorities.

We have made steps forward in information exchange but without public scrutiny of this data I have low expectations of this new regime. HMRC may huff and puff. They may even add to their tally of just thirteen offshore prosecutions since 2009. But real progress requires good data, and only real transparency will help deliver that.

The tax haven problem is a long way from being solved as yet.