

## Labour's tax review

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Labour [has published the first stage of its review of HMRC](#), written by my old friend Pro Prem Sikka of Essex University.

The Review recommends:

- \* The formation of a Supervisory Board, consisting of stakeholders, to watch over HMRC's Board to give it direction and enhance its public accountability. The board shall act as a bulwark against corporate capture and inertia and be accountable to parliamentary committees.
- \* The Supervisory Board should support and protect tax whistleblowers.
- \* Additional investment in HMRC resources and staffing.
- \* That HMRC needs local knowledge and must respond to citizens' concerns. This is best achieved through a network of local offices and staff with local knowledge.
- \* That HMRC should have a well-resourced internal investigation and prosecution unit. This would strengthen its in-house institutional knowledge base.
- \* That HMRC should offer competitive financial rewards to its staff.
- \* *Tax returns, related computations and documents of all large companies must be made publicly available. The public availability of corporate tax information will improve the quality of information available to parliamentary committees to scrutinise the effectiveness of HMRC in meeting its objectives.*
- \* *Parliamentary committees should be empowered to examine any tax information, no matter how sensitive. It would be up to the relevant parliamentary committee to decide whether scrutiny of any documents and practices should be conducted in private or closed meetings*
- \* *The backlog of tax cases creates uncertainty and anxieties. This is also unfair to taxpayers. The judicial capacity to hear cases should be expanded.*
- \* Various reports published by HMRC should contain information that enhances

transparency and accountability.

- \* Public pressure is a vital ingredient in transforming HMRC. It should not be diluted by the introduction of fees to challenge tax assessments.
- \* HMRC needs effective tools to combat sham. We recommend a rewrite of the General Anti Abuse Rule (GAAR). HMRC should be guided by the Department of Justice and/or a panel of retired judges, rather than by people from the corporate sector.

I have to be honest that with the exception of the items in italics I can honestly suggest that the recommendations made first appeared in work I have written over the years. And the tax gap is in the report, even if not in this list.

There is only one issue I disagree with: I think the demand that corporation tax returns be published is inappropriate and unhelpful: I will explain why in another blog.

But I can entirely agree with Prem when he said:

*HMRC performs a vital task in collecting taxes, enforcing lax laws and delivering services to taxpayers. Against a background of reductions in resources, it has experienced considerable difficulties in meeting the service expectation of taxpayers and challenging organised tax avoidance. We have investigated the difficulties and made recommendations to strengthen HMRC and its public accountability.*

My only other difficulty is with what John McDonnell MP, Labour's Shadow Chancellor, had to say, when claiming:

*It's only under a Labour Government under Jeremy Corbyn that the UK can get a serious grip on the problems of tax avoidance and evasion.*

That is not true: it seems to me that the Greens, SNP, many in other parts of Labour ( [like Caroline Flint, this week](#) ), Plaid Cymru and other parties have all had their heads round this issue for some time. I welcome John and Jeremy's enthusiasm for beating tax abuse, but would suggest that the cross party approach [found on Monday](#) is the right way to progress on this vital issue and Labour would be wise to develop it.