

HMRC has been negligent on VAT fraud

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The [National Audit Office report](#) into HMRC's mishandling of online VAT fraud, which it suggests has been costing the country at least £1.5 billion a year, is damning. This paragraph provides a taste (my emphasis added):

*HMRC recognised online VAT fraud and error as a priority in 2014, although the potential risk from online trading generally was raised before this. In 2013 the NAO reported that HMRC had not yet produced a comprehensive plan to react to the emerging threat to the VAT system posed by online trading. **The report found HMRC had developed tools to identify internet-based traders and launched campaigns to encourage compliance but had shown less urgency in developing its operational response.** Trader groups claim that online VAT fraud has been a problem as early as 2009, which has got significantly worse in the past five years. The Chartered Trading Standards Institute shares this view.*

In other words, a problem that had been identified and drawn to HMRC's attention many times (to my certain knowledge) was initially ignored by them and even when they appeared to take action our tax authority deliberately failed to deliver on that promise by simply not taking the required steps to collect tax that was very obviously owing.

Four questions. First, who was responsible for his gross negligence?

Second, what sanctions are being taken against them?

Third, why could they have believed that not collecting tax was appropriate? Was it because that was the ministerial direction on the issue, as I suspect? This would be consistent with the aim to shrink the size of government and a mistaken belief that tax harms markets, which the NAO, thankfully, tackles.

Last, what steps are now being taken to change the Board of HMRC that clearly failed to exercise oversight in this case?