

## HMRC's offshore paper tigers

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The FT has [an article](#) today on the requirement that tax advisers write by the end of this month to all their clients who they believe might have had offshore bank accounts to warn that HMRC is about to receive significant new information straight from tax havens on accounts that might be held there.

I am well aware that many advisers resent this letter because its content is largely dictated by HMRC requirements.

Others resent it because it makes it look as if the adviser is cooperating with HMRC. They think that will backfire in terms of voluntary compliance.

I do not share these concerns. I welcome the requirement, as I welcome automatic information exchange from tax havens, which I campaigned for when the idea was considered absurd.

I do have a doubt though, and that is HMRC's ability to follow up on this. We do not know how much information HMRC will receive as yet. Nor do we know its quality. But what we do know is that HMRC will receive it whilst undergoing a pointless and costly physical reorganisation of premises in the course of which thousands of jobs will be shed. My concern in that case is simply that the data will not be used. And, if the belief that this exercise is a paper tiger spreads as a result the behavioural response on which HMRC are most relying will not materialise.

HMRC have imposed a massive admin exercise on tax advisers. I am not arguing with their right to do that. But the evidence is that HMRC may not have the resources to deal with the consequences. And that worries me, a lot.