

HMRC's latest poorly estimated data on the tax gap has ...

Published: January 13, 2026, 1:57 am

HMRC [has just gone through the process of announcing](#) that their estimate of the UK tax gap is, as it always has been ever since it has been calculated by them, a sum between £28bn and £35bn. This year it is £33bn. I could have pre-announced that with considerable confidence and saved them all the work, so predictable is this figure.

Does this estimate make sense? The simple answer is no. Despite being advised by the IMF in 2014 to estimate tax gaps on a top-down basis since these were likely to be more reliable HMRC continue to base all their estimates, but that for VAT, on the tax returns they receive. It takes only a moment to realise that much tax evasion might be missed as a result. And they continue to define tax avoidance as the loss to schemes advised under the Disclosure of Tax Avoidance Scheme rules of 2004 and subsequently, which makes no sense when very few notifications now take place under those rules and they never did, in any case, ever include the tax avoidance of most multinational corporations. No wonder the figure for avoidance is so low.

And, as has always been the case, more than a third of the figures that form the basis of the tax gap are 'illustrative estimates'. Or to put it another way, HMRC make the figures up.

HMRC's tax gap estimation is now a ritual intended to let ministers preen themselves about their success in front of the press. But when missing tax now explains much of the deficit, and people's lives are being made a misery by continuing austerity we deserve better than this. A proper tax gap estimate is the least this country deserves. We are still a long way from getting it.