

HMRC have lost touch with the reality of what is happen...

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A month or so ago I made a series of Freedom of Information requests of HMRC with regard to VAT. They are all summarised in their response, which was as follows:

What did I learn? I'd suggest three things.

First, HMRC are not now at our ports. In other words, as we face a whole new VAT and tariff world the agency responsible for tax collection has no one in place to check that any of the port declarations are correct. We now know that HMRC is, in fact, planning to abandon all tax collection at ports in the event of a Hard Brexit. But what this Fol confirms is that not only are they abandoning tax collection on a timely basis, they have no way of checking if subsequent collections might be correct or not because on the spot checks by tax officers will not happen. Brexit will be a tax fraudster's dream, and this in a country that already fails to collect 10% or more of VAT owing.

Second, I learned why that VAT gap is likely to exist. HMRC do not know basic information about their own activities. The answer is a litany of such tales.

And third, they do not do basic checks any more. Their business record checking service no longer exists, but I guarantee it was highly cost-effective. I also know it was a powerful weapon that clients dreaded when I was in practice as an accountant. As a consequence of abandoning basic business record checking, HMRC has lost their relationship with taxpayers, and a sense of the reality of what is happening on the ground. No amount of computer checking can overcome such knowledge as to where the problems really are, or the insight it gives to a Revenue officer who gains the ability to sniff trouble out as a result.

I wanted to get a feel if HMRC still had the frontline ability to tackle tax abuse when

asking these questions. The plain answer is they have not. And to compound that, they have no systems that would make that apparent, meaning management is either deliberately or unwittingly in the dark about this failure.

I've said it before, and I reiterate it: the senior management at HMRC really do need to change their ways or go if we are to have an effective tax administration in the UK. We are a long way from that at present.