

By the standards they set for others HMRC are failing.

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Many newspapers give appropriate attention this morning to a new report from the Public Accounts Committee that says HMRC is struggling with its workload and that Brexit can only make matters worse. I agree with that conclusion. But I wanted to highlight another aspect of the report, [which says](#):

HMRC does not know whether a large number of tax reliefs deliver value for money. HMRC currently provides 424 tax reliefs. The number of tax reliefs continues to grow, increasing the complexity of the tax system. HMRC estimates that 105 of these tax reliefs cost £416.8 billion in 2017-18. HMRC estimates that a further 80 tax reliefs have nil or negligible cost. But HMRC does not report a cost for the remaining 239 tax reliefs because in the large majority of cases it considers the cost of collecting the data needed would be disproportionate, although it does make internal estimates for some of these reliefs. Gaps in HMRC's understanding of costs means it cannot assess the value for money of many tax reliefs designed to deliver particular policy objectives. It also limits the input HMRC can make into HM Treasury's decisions on the design and scale of existing and new reliefs.

Recommendation: HMRC should take more responsibility for ensuring tax reliefs provide value for money. In particular, HMRC should set out, by April 2019, an approach for improving its understanding of the cost for those tax reliefs where it does not already have that information.

Let's be clear about what this means. What the PAC is saying is that HMRC is not keeping proper books and records that detail the spends that they manage. That's because they do not think it worthwhile doing so. And as a result the message is clearly made that HMRC does not know the consequences of the tax system that they manage on behalf of the government.

That, in my opinion, is a dereliction of duty.

It is also a failure to comply with EU law, which has required that such a record be kept since 2015, but I guess with Brexit on the horizon no one is worrying about this

anymore.

My concern is threefold. The first is that this has been known for some time and HMRC management do not seem to care. That makes them unsuited to the task entrusted to them. Whatever their private sector logic and experience might be, they seem not to understand the obligation to manage public funds.

Second, what this means is that tax reliefs might be abused and no one would know. That is reckless indifference by HMRC. It also, inevitably, means that their tax gap estimates are wrong.

Third, it means people are being provided with benefit without good reason. When benefits are being denied to people who need them this offends me, considerably.

However viewed, this is gross mismanagement. The PAC is being too kind in HMRC. Its management has to account or go in my opinion. By the standards they set for others they are failing. And that is not good enough.