

The EU tax gap in FT Alphaville

Published: January 15, 2026, 10:55 am

The FT's Alphaville site features my work on tax evasion this morning. Access is free.

As [they note](#):

According to tax campaigner Richard Murphy's new report, the annual "tax gap" in Europe caused by this illegal tax evasion is between â,-750bn and â,-900bn (\$850bn-\$1tn). That compares with estimates of between â,-50bn and â,-190bn a year for corporate tax avoidance, according to previous European Parliament estimates cited by Murphy.

The report was commissioned by the centre-left Socialists and Democrats Group in the European Parliament (which includes MEPs from Britain's Labour party and France's Socialist party), and only looks at the tax gap in Europe. But Murphy says the same trend can be seen all over the world -- the larger the shadow economy, the larger the gap is likely to be.

Murphy told us:

If you look at the whole tax gap, which is the total of tax unpaid which a government thinks should be paid, it's obvious that tax evasion is by far the biggest problem.

That's quite shocking for people. I think even the Socialists and Democrat Group were quite shocked, in a way, by the outcome. They found it hard to believe that it's actually evasion that's the biggest issue. And yet it is, because it's so commonplace. It's paying your cleaner in cash. It adds up when you think that you also paid your builder in cash, and your child's tutor.

There's more, [here](#).

The finding is controversial. The focus of tax justice campaigning has been on tax avoidance for a long time. It requires a change of mindset to think that tax evasion is the bigger issue. Alex Cobham of the Tax Justice Network discusses that in the article. But as he says, even if I'm only 10% right (and I am substantially more confident than

that) this is a problem that has to be tackled.

So when is it going to happen?

The [report is here](#).