

HMRC underestimate the UK tax gap by £55 billion

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I [wrote this yesterday](#) about HMRC's tax gap estimates for this year, which had then not been published:

I gather HMRC will be publishing their latest tax gap figures this week. The [last are here](#)

I can make a fairly confident prediction. The figure will be around £33 billion, simply because ever since this data was first published in 2010 the tax gap has never been below £27 billion and has never gone above £35 billion. So I predict about the same again.

I also predict much trumpeting that as a proportion of total tax paid this will be the lowest tax gap ever. Because this also seems to happen now, as a matter of ritual celebration.

Was I right? Yes, is the simple answer. [The HMRC estimate of the tax gap has been published today](#). The tax gap is reported to be £35 billion and there is much trumpeting that at 5.6% of supposed tax yield this is the lowest claimed figure ever.

And for all the reasons [I explained yesterday](#), this is utter nonsense. The real tax gap is in my opinion about £90bn (and I stress, all these numbers are spot estimates in ranges).

I am also amused to note that I am not alone in saying so. [TaxwatchUK](#) have also questioned the data for reasons quite similar to my own. And they have noted this:

The claim that the UK has the lowest tax gap in the world is highly dubious. HMRC themselves say they are the only tax authority in the world to publish an annual estimate of the tax gap that covers a comprehensive range of taxes. Any international comparisons are not being made on a like for like basis and are therefore pretty meaningless.

We really do deserve better than this. When the tax gap is very obviously very much

bigger than HMRC admit they undermine the whole credibility of their management of the tax system and the hard work of their own staff. £90bn is not the same as £35bn and I know which one is much more likely to be right, and it's not HMRC's data. If they can underestimate the tax gap by £55bn what else do they get wrong?