

HMRC plans to provide a personalised service to offshor...

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The [FT has an article today](#) in which they note that:

Tax advisers said HM Revenue & Customs had made a “refreshing shift” away from harsh measures in tackling unpaid tax on overseas assets, as it focused on raising taxpayers’ awareness of their obligations.

On Tuesday, [HMRC issued documents] that revealed that tax collection rates for international debt are far lower than for domestic tax debt, at around 35 per cent compared with about 90 per cent.

I have long argued that this is likely, of course. The whole basis of the work I and others have done on tax havens has been based on the promise that this is likely to be true. It’s good to see that our logic has been acknowledged, at long last. But the questions is, what to do about it?

As a result had a look at the [HMRC discussion document](#). I can’t actually see the figures the FT use, but am happy to believe them. I did not have time to read everything. What I did see was three things.

The first is a great deal of puff from HMRC about being nice to those making honest mistakes about the need to declare their offshore assets, which it seems HMRC believe encompasses most who do not pay tax owing. With respect, in this particular case that is nonsense. Prima facie, using offshore is about tax evasion until proven otherwise, in my opinion. If there was a category of people where ‘being nice’ to secure cooperation is unlikely to work this is it.

Second, I saw a great deal of ‘nudge’ thinking at work, as if a text message to a person is really going to make a significant difference to their behaviour.

Third, there was absolutely no acknowledgement that this problem was created by the underfunding of HMRC, and solving that would be the biggest contributor to solving this issue.

But last, I saw this extraordinary paragraph:

Our aim is to use data earlier on in the registration and self-assessment process to help people get their offshore tax right first time. By using data in different ways and intervening earlier in the process, we can help raise taxpayers' awareness of their offshore tax obligations and prevent common mistakes from occurring. This would create a better experience for taxpayers and better tax compliance. For example, providing taxpayers with help in real time, as they completed their tax return, could help them get their tax right and minimise the likelihood of any follow up intervention from HMRC. This would help HMRC concentrate efforts on those who deliberately seek to abuse the tax system.

So, those using offshore (call them the wealthy who are not too keen on tax compliance, for convenience) are to get a service that it would seem (based on experience and observation) no one else (apart from those with high net worth, which groups might well overlap) get right now.

So, at the time the government is doing all it can to sanction those on benefits who arrive a few minutes late for an interview it wants to provide a personalised support service to offshore tax cheats to avoid, to the greatest degree possible, having to treat them as the tax cheats that they are.

You literally could not make such class based prejudice up unless it was happening right in front of our eyes.