

Is HM Revenue & Customs turning the payment of tax into...

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AccountingWEB [has a chilling article out this week](#) by tax commentator Philip Fisher. As he notes:

*In November 2021, the National Audit Office (NAO) issued the first salvo entitled *Managing tax debt through the pandemic*. Last week, using and updating some of the data from that report, the Public Accounts Committee (PAC) followed suit with its 48th report on HMRC's management of tax debt.*

Both are chilling in their conclusions that our taxing authority is failing to follow up debts in far too many cases. Indeed, during the early months of the pandemic, tax collection ground to an almost complete standstill, relying on those with tax liabilities to do the decent thing. In very many cases, they couldn't or didn't.

As he adds:

Pre-pandemic, HMRC was owed £16bn; that sounds like a terrifying amount, until you discover that the figure now stands at £39bn, having peaked at £67bn in August 2020. The number of taxpayers in debt had risen from 3.8 million to 6.2 million by September 2021 and the average duration of repayment is 14 months.

To put this in context, that is 20% of all taxpayers now, apparently, being in debt. To put that another way, that's all self-employed people and half of all tax-paying companies.

The average debt is £6,290, which is very high and must mean that there are some very big debtors out there.

The worry I have is a simple one. If the Public Accounts Committee are right - and they usually are - then what is happening is that HMRC is turning the payment of tax by those who do not have it deducted at source from their pay into a voluntary activity by those who wish to be compliant, leaving the rest to pick up the bill if others choose not to pay.

This matters. It means that the macroeconomy is destabilised.

The failure to collect tax owing means that inflation is permitted (and this may be an issue right now).

Non-payment of tax undermines the delivery of social, economic and fiscal policy.

It also provides an unfair subsidy to the businesses not paying.

And it fuels the deficit, which matters when we have a government looking for any reason to impose austerity through spending cuts.

And then I note the last point, and wonder whether this is simply deliberate policy by the government? Do they simply not care about operating a proper tax system? Is that really possible now? Given their failure, the possibility has to be considered. Why else are they so bad at collecting debt owing?