

On the tax gap, in the Guardian

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My [comments on the tax gap](#) made yesterday [were picked up in the Guardian](#) which quotes me saying:

Richard Murphy, a tax expert, said the assessment of tax losses to the exchequer was “half-hearted” and a more comprehensive review would probably have found losses from the hidden economy were much higher. “The report found there was virtually no money that went missing during the pandemic. That cannot be an accurate reading of the situation,” he said.

They added:

The tax authority said a failure to take reasonable care, criminal attacks, non-payment and evasion were among the main reasons for the tax gap in 2020-21 in terms of behaviour.

Small businesses were responsible for nearly half of the tax gap, at about £15.6bn, according to HMRC’s data, with VAT underpayments accounting for the second biggest chunk of the total at £9bn. Losses from income tax, national insurance contributions and capital gains tax accounted for the biggest loss of £12.7bn in 2020-21, while fraud only accounted for £2bn.

And then noted:

Murphy said: “The chance that just £2bn is lost a year to tax evaders – out of £635bn paid – is utterly ludicrous. That’s a 0.3% evasion rate,” he said.

Before concluding:

Murphy continued: “With the greatest of respect to HMRC officials, they mark their own homework when it comes to the tax gap and it is simply impossible that the answer is always the same. That is especially true when it comes to a year when Covid fraud was rampant.”