

Funding the Future

HMRC have marked their own homework on the tax gap again

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Yesterday was HMRC [tax gap day](#) - which is the day [when they admit how much tax they did not collect](#), in their estimation.

My standard joke of the last decade has been confirmed yet again. Whenever I am asked about HMRC's tax gap (which I used to be often, because I did extensive work on this issue from 2008 to 2015) I joke that it's a number very close to £32 billion, whatever the true number might actually be. And so it was again this year:

Figure 1.1: Tax gap by value and as a percentage of theoretical tax liabilities, 2005 to 2006 up to 2021 to 2022



That figure is not even remotely correct because of the limitations within the methodologies that HMRC use, about which I have written many times in the past.

I would also note that it is statistically implausible to get this outcome.

I have argued before for an Office of Tax Responsibility to properly appraise the work of HMRC, the tax gap and now tax spillovers. It hasn't happened. But a government that was serious about this would be putting one in place. All the time they don't, we have to assume that they're happy for the tax abuse to continue, and that begs the question,

why is that?

For a proper understanding of what we need to do [I recommend a chapter I wrote on this issue a while ago.](#)