

HMRC's steady decline continues

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As the [FT noted a couple of days](#) ago:

The number of HM Revenue & Customs investigations into serious tax fraud and avoidance has fallen to a six-year low, figures uncovered by the Financial Times have revealed.

Known in tax circles as Code of Practice 8 and 9 cases, the number of investigations fell from 1,091 in 2022-23 to just 480 in 2023-24.

Cop9 investigations, which involve the most serious cases of tax fraud such as that of Bernie Ecclestone, fell to just 268 in 2023-24 — down from 669 in 2018-19.

This is a disastrous downturn, with the base figures themselves being down from earlier periods.

Why is it happening? The opinion is, based on all reports I can find, and with which I concur (I finished my last big tax investigation case less than a year ago), that it is a lack of investigation staff at HMRC that has led to this situation arising. There are just not enough staff being trained and then retained to undertake the required number of tax investigations.

There are three problems resulting from this.

The first is that it is likely that insufficient tax is being recovered.

The second is that the necessary deterrent effect that a steady flow of investigations supplies is not being created.

Third, there is the problem that those officers now engaged in investigations are so overwhelmed with work that they cannot train the next generation of investigators, meaning that the situation can only get worse.

As I suggested in the [Taxing Wealth Report 2024](#) (section 15.4 of the full report), this

situation has arisen for three reasons.

Firstly, HMRC is not treated as an enforcement agency but as a spending unit by HM Treasury, and as such, until very recently (and Labour has begun to change this), significant cuts have been imposed on it.

Secondly, HMRC has been run by a board of directors who are not fit for purposes, many being drawn from the private tax advice industry, with obvious conflicts arising.

Third, HMRC has been run as if it is a public limited company and not as if it is a service, which includes the service to the community of eliminating tax cheating.

Labour has given HMRC new funding for 5,000 new staff, and that is welcome. But the other problems are not, it seems, being addressed. In that case, they will continue.

It baffles me that politicians who claim that they need tax to fulfil their spending commitments (when that is not true) do not put much greater emphasis upon the importance of tax collection - which I see as vital as a way of delivering social policy via taxation, and for the control of inflation.