

New tax gap figure

John McDonnell MP, Labour's Shadow Chancellor, commenting on HMRC figures showing that the 2017/18 tax gap was £35 billion, said:

"The tax gap is another reminder of the scale of tax evasion in this country under a Tory Government – and it is likely to be an underestimate since it does not capture much tax avoidance or profit-shifting.

"But the gap is also the product of the Government's savage cuts to HMRC, which have deskilled and undermined a key part of the civil service.

"A Labour Government will be uncompromising in tackling tax avoidance and evasion, and will implement a comprehensive policy programme to achieve this aim."

Ends

Notes to Editors

- HMRC has today released figures estimating that the tax gap – "the difference between the amount of tax that should, in theory, be paid to HMRC, and what is actually paid" – is £35 billion. HMRC accepts that the tax gap is a product of miscalculations, as well as "legal interpretation, evasion, avoidance and criminal attacks". This amounts to 5.6% of total theoretical tax liabilities, an increase of 0.1% from the last figure released in 2016-2017. See https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/810119/Measuring_tax_gaps_2019_edition.pdf.
- Labour's Tax Transparency and Enforcement Programme (2017) is available here: <https://labour.org.uk/wp-content/uploads/2017/10/Tax-transparency-programme.pdf>. This includes a General Anti-Avoidance Rule and a suite of other measures to tackle avoidance and evasion.
- HMRC had 104,000 staff in 2006, and had approximately 60,000 by 2019 (figures from the Public and Commercial Services Union). It is estimated by PCS that 17,000 years of experience were lost to HMRC from

redundancies in 2017.

- Labour's 2017 manifesto committing to giving HMRC "the resources and skills necessary to clamp down hard on those unscrupulous few individuals and companies who seek to avoid the responsibilities that the rest of us meet":
<https://labour.org.uk/wp-content/uploads/2017/10/labour-manifesto-2017.pdf>.
- Labour also costed the hiring of "more tax collection staff":
<http://labour.org.uk/wp-content/uploads/2017/10/Funding-Britains-Future.pdf>