

News story: Unpaid tax at record low

The difference between the tax due and that collected by HMRC – known as the ‘tax gap’ – fell to a record low of 6% in 2015 to 2016, official statistics revealed today.

The UK is a world leader on tax compliance, with one of the lowest tax gaps in the world and sets an international example on tax transparency, being the only country to measure and publish tax gaps every year covering both direct and indirect taxes.

If the tax gap had remained at the 2005 to 2006 level of 7.9%, it would have grown to £46 billion and the country would have been nearly £12 billion a year poorer.

Mel Stride, Financial Secretary to the Treasury and Paymaster General said:

Collecting the right tax is crucial to fund our vital public services. Today’s data shows how far we have come in tackling avoidance, evasion and non-compliance, but there is still more to do and we will continue to take action to ensure that everyone pays the tax they owe.

Jim Harra, Director General, Customer Strategy & Tax Design, HMRC, said:

HMRC’s online tax accounts and use of data increasingly help people get their tax right and prevent mistakes and fraud. This enables us to focus on tackling those who deliberately pay less than they owe. Measuring the tax gap gives us vital insights into where to direct our efforts, and tells us that our strategy is succeeding.

The tax gap fall follows the introduction of 75 measures over the last 7 years to reduce tax avoidance, evasion and non-compliance, including:

- cracking down on avoidance by multinationals to ensure companies pay the right amount of tax under UK law
- introducing tough new criminal offences that make it easier to prosecute both evaders and companies that fail to prevent evasion, as well as significantly increasing penalties
- introducing a new penalty for those who enable the use of tax avoidance schemes that are later defeated by HMRC
- investing £800 million in HMRC’s compliance operations, which are expected to bring in an additional £7.2 billion in tax by 2020 to 2021

Since 2010, HMRC have secured almost £160 billion in additional tax revenue as a result of actions to tackle tax evasion, tax avoidance, and non-compliance, including £2.8 billion from offshore tax evaders, through action

both at home and abroad.

Notes to editors:

For more information on how tax gaps are measured read HMRC's [Measuring Tax Gaps and Methodological Annex documents](#).