



HM Revenue & Customs

Dame Meg Hillier
Chair of the Public Accounts Committee
House of Commons
Committee Office
London
SW1A 0AA

24 June 2022

2/75 100 Parliament Street
London SW1A 2BQ

Dear Chair,

Calculating the 2020 to 2021 Tax Gap

I am writing to let you know that HMRC has published 'Measuring Tax Gaps: 2022 edition'. This includes our estimate of the 2020--2021 tax gap. The full report on the subject is now available on GOV.UK - www.gov.uk/government/statistics/measuring-tax-gaps

The report shows that the tax gap is 5.1% in years 2019-20 and 2020-21 at the same time as a year-on-year reduction in the monetary value of the tax gap by £2 billion due to a fall in total theoretical liabilities of £37 billion.

The report shows that we successfully bring in almost 95% of all tax due (£635 billion for 2020-21) money that pays for the UK's public services and gives financial support to millions of families.

The 2020-21 tax estimates are affected by COVID-19 and subject to more uncertainty than usual so there is a risk of revisions in future 'Measuring tax gaps' publications. For this reason, it is best to focus on the trend in the results rather than the absolute numbers when interpreting findings.

The tax gap reduced from 7.5% in 2005-06 to 5.1% in 2020-21. Between 2017-18 and 2020-21 the overall percentage tax gap has remained low and stable. This is a result of the government's action to help taxpayers get their tax right first time, whilst bearing down on the small minority who are deliberately non-compliant.

We are the only tax authority in the world that measures and publishes an annual tax gap covering a single tax year for all the taxes, levies and duties it administers. UK tax gap estimates go back every year to 2005-06. We publish the tax gap because we believe that it is important to be transparent in our work.

The tax gap helps us build trust with the public by providing them with important information on tax compliance while giving us the insight we need to focus our work where it can make the most difference: making things easier for taxpayers and preventing non-compliance before it can occur.

Because of the limited number of countries who publish detailed comprehensive estimates, we cannot compare all countries. However, where tax gap data is published, HMRC compares favourably.

I hope you find this information useful. Should you have any queries about the latest tax gap estimates, please do get in touch.

Kind regards,



Jim Harra
CHIEF EXECUTIVE AND FIRST PERMANENT SECRETARY

Information is available in large print, audio and Braille formats.
Text Relay service number – 18001

