



Preliminary estimate of the VAT gap for 2018-19 *

Year	Net VTTL	Net VAT receipts	VAT gap (point estimate)	VAT gap (per cent)
2018-19	£142.1bn	£132.1bn	£10.0bn	7.0

What is the VAT gap?

The VAT gap is measured by comparing the net VAT total theoretical liability (VTTL) with actual receipts (this is comparing the amount of VAT HMRC expects to receive in the UK and the VAT HMRC actually receives). The VAT gap methodology uses a 'top-down' approach.

Detail

HMRC are publishing the preliminary 2018-19 VAT gap at Spring Budget, and expect the final estimate to be published as part of HMRC's Measuring Tax Gaps publication later in the year.

HMRC normally publishes three estimates; a preliminary, secondary and final estimate. However due to the cancellation of the 2019 Autumn Budget there was a delay in the publication of the preliminary 2018-19 estimate as HMRC usually publishes the VAT gap at fiscal events and for the Measuring Tax Gaps publication. Details of the 2018-19 publications are given in the table below.

Name	Release date	Details
Preliminary VAT gap estimate (for 2018-19)	Spring 2020	Based on known VAT receipts and a full year of consumer household expenditure data - which accounts for around 70% of the VTTL. The remaining 30% of the VTTL comprises government and housing expenditure data, and businesses making exempt supplies, which uses Blue Book 2019 data. See: https://www.ons.gov.uk/economy/grossdomesticproductgdp/datasets/bluebook https://obr.uk/publications/
Final VAT gap estimate (for 2018-19)	June 2020	Expected to include further updates, such as ONS Consumer Trends data. Will be published in Chapter 2 of the 'Measuring Tax Gaps 2020' publication in June 2020 along with the latest historical time series. https://www.gov.uk/government/statistics/measuring-tax-gaps

Data

The preliminary estimate of the VAT gap for 2018-19 is being published at Spring Budget 2020 and it includes the latest Office for National Statistics (ONS) Consumer Trends data up to and including 2019 quarter 3. It also included the ONS National Accounts Blue Book 2019 non-household expenditure data.

* The amounts calculated are rounded to the nearest £0.1 billion and the VAT gap as a percentage has been rounded to the nearest 0.1 per cent. Net VTTL and net VAT receipts are expressed net of payments and repayments. A portion of the VTTL estimate is projected rather than actual expenditure.

Revisions policy for VAT gap estimates

As announced in 'Measuring Tax Gaps 2019 edition', HMRC's policy is to only publish a revised historical VAT gap series once a year, within the 'Measuring Tax Gaps' publication, incorporating both new and revised data and methodological improvements together.

Methodology

Further information on the methodology used to estimate the VAT gap can be found in 'Measuring Tax Gaps 2019 edition - Methodological annex', Chapter D:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/810116/Measuring_tax_gaps_2019_edition_-_methodological_annex.pdf

User engagement:

HMRC is committed to providing impartial quality statistics that meet our users' needs. We encourage our users to engage with us so that we can improve our Official Statistics and identify gaps in the statistics that we produce. If you have any comments or questions about these statistics then please contact the responsible statistician directly. See:

<https://www.gov.uk/government/organisations/hm-revenue-customs/about/statistics>

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