



New campaign against tax evasion

While the majority of UK taxpayers declare all their income and pay the tax they owe, a small proportion is intent on bending or breaking the rules. This briefing explains our approach to dealing with them and says how a new publicity campaign aims to change their behaviour.

Tax evasion

Tax evasion is where there is a deliberate attempt not to pay the tax due. It is illegal. We will relentlessly pursue those who engage in evasion, with serious consequences for those who don't pay all the tax they owe, from financial penalties to criminal conviction.

Using deterrence to promote compliance

We are taking greater steps to publicise our operational work in order to influence and deter those who might be tempted to break the rules. By increasing the use of publicity, we aim to reinforce the message that we are closing in on undeclared income. Publicity complements our targeted activity against tax evasion in order to prompt higher levels of voluntary compliance, to bring in more money to fund the UK's vital public services.

We also want to reassure taxpayers who declare all their income and pay the tax they owe that we are serious about cracking down on evasion, creating a level playing field for everyone. Of course, we want to reassure those who do pay the right amount of tax that they have nothing to worry about.

The net is closing in

We launched a national publicity campaign in November 2012 aimed at changing the behaviour of rule-breakers and potential rule-breakers. Using billboards, posters on telephone kiosks and bus shelters, and radio and online adverts, this campaign will raise awareness among those breaking the rules that HMRC is closing in on undeclared income.

The aim of the campaign is to encourage the non-compliant voluntarily to declare their unpaid tax and pay it. The campaign supports our existing compliance activities and is targeted at anybody who has undeclared income, which includes all job sectors and professions, and all of our customer groups, including those who pay no tax at all and are part of what is known as the 'hidden economy'.

Specific campaigns which we run have been effective in persuading people within those target groups to put their tax affairs in order, complementing our investigation and enforcement activities. We aim to deter evasion of around £100 million via this publicity over the next three years.

Closing the tax gap

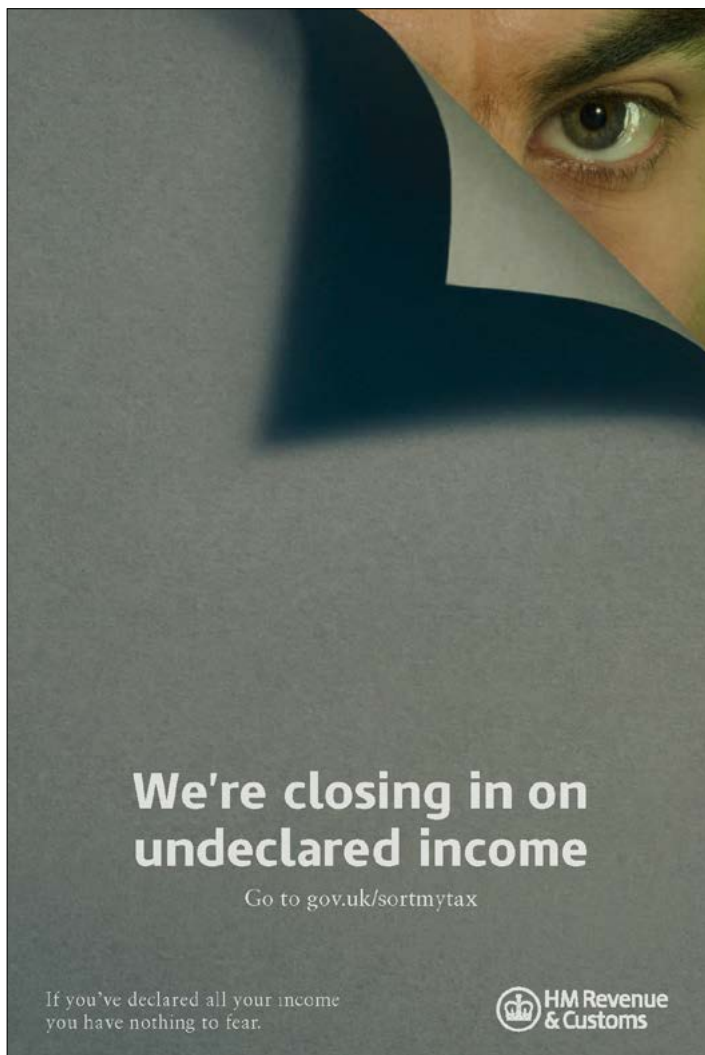
We know that we can influence how some people behave through publicity, which can lead to an increase in voluntary compliance and help to reduce the tax gap, which is the difference between the tax that is owed and what we collect. The current tax gap is estimated at £32 billion a year. A minority of taxpayers break the rules, but evasion, failure to take reasonable care with tax affairs and the hidden economy make up around £12 billion of that figure – around 37 per cent of the tax gap.

Compliance activity

As part of the Government's £917 million investment to increase tax compliance we are using a range of activities to detect and deter rule-breakers, as well as supporting those customers who need help to put their tax affairs in order. These include:

- Focused compliance work across the full range of taxes and duties that we manage, including: national campaigns offering people the chance to put their tax affairs in order; specialist regional taskforces tackling high-risk sectors; offshore agreements with tax authorities in other countries and specialist teams tackling tax evasion and avoidance by wealthy taxpayers
- Increasing the number of specialist staff tackling avoidance, evasion and fraud by 2,500 by 2014-15
- Reducing evasion, avoidance and criminal attack by using new technology to help identify high-risk cases
- Designing legislation to prevent tax avoidance without creating loopholes.


We have already significantly increased our compliance yield – from £7.4 billion in 2005-06 to £16.6 billion in 2011-12. We've reduced the tax debt by £10 billion and protected more than £1 billion from being lost to criminal attacks on our tax system.



We're closing in on undeclared income

Go to gov.uk/sortmytax

If you've declared all your income you have nothing to fear.

 HM Revenue & Customs

To find out more

- Find out how we are closing in on undeclared income at www.gov.uk/sortmytax
- Learn more about how we are tackling tax avoidance at www.hmrc.gov.uk/about/briefings