



HM Revenue
& Customs

Jim Harra
Chief Executive and First Permanent
Secretary

Meg Hillier MP
Chair
Public Accounts Committee
House of Commons
London
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Room 2/75
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Dear Ms Hillier,

Thank you for sending an embargoed copy of the Tax Gap report. We will, of course, respond in detail to the Committee's recommendations in due course.

However, I wanted to note straight away my concern that the report (p6, para 1) describes HMRC's presentation of the tax gap statistics as "misleading", and that the accompanying press notice calls on us to be "more honest" in relation to the tax gap.

HMRC is the only revenue authority in the world that compiles and publishes a comprehensive measure of the tax gap, covering both direct and indirect taxes, every year. We publish the tax gap because we believe it's important to be transparent in our work.

HMRC's tax gap estimates are official statistics produced in accordance with the [Code of Practice for Statistics](#), which assures objectivity and integrity. The tax gap methodology has been intensively reviewed and given a clean bill of health by the International Monetary Fund (IMF) and reviewed by the Office for Statistics Regulation (OSR). The Office for Statistics Regulation (OSR) stated that: **HMRC is world-leading in measuring tax gaps and is setting the bar for others to follow**. With this in mind, I find the Committee's characterisation of our work in this area to be wholly unfair and unsubstantiated.

In the evidence session on 7 September, my officials and I gave a full and honest account of HMRC's work in this area. I do not accept your interpretation of the evidence provided to both the National Audit Office and your Committee.

I am also concerned that the press notice pre-empts the findings of an ongoing National Audit Office (NAO) review, the report of which I have yet to agree as Accounting Officer, covering the Government's schemes in relation to coronavirus. This report has not yet received clearance ahead of scheduled publication on 23 October.

Kind regards,

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Text Relay service number – 18001



Harra

Jim Harra
CHIEF EXECUTIVE AND FIRST PERMANENT SECRETARY

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