# Tax gap up – and less certain

Briefings

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‘Tax Gap’ figures published on 23 June show the gap in 2024-25 at a record high in cash terms and also rising as a share of the tax that should be collected. Ellen Milner, CIOT’s Director of Public Policy, said that despite the efforts of successive governments, the tax gap ‘is proving stubbornly hard to keep down’. She suggested the government’s target of a £10 billion reduction in the tax gap by 2029-30 was ‘very optimistic’.

Ellen also noted that, for a third year in a row, there were large upward revisions to previous years’ tax gap numbers. The new figures also come with an increased health warning: the share of the tax gap with ‘high’ uncertainty has increased to more than a third.

‘The high level of uncertainty around these figures raises questions as to how much HMRC can rely on the data in its decision-making and as justification for taking particular courses of policy and compliance action, especially as year-on-year comparisons become more difficult,’ said Ellen.

Noting that most of the tax gap is attributed to small business, ATT highlighted the need for greater support for firms. ‘Targeted support and intervention will be essential if the tax gap is to be reduced further,’ said Emma Rawson, ATT’s Director of Public Policy. ‘The fact that so much of the tax gap stems from error and failures to take reasonable care suggests there is significant scope to improve compliance through better support, clearer guidance and simpler processes.’