



Public Accounts Committee

Sir Jim Harra KCB
Chief Executive and First Permanent Secretary
100 Parliament Street
London
SW1A 2BQ

By email

5 February 2025

Offshore tax gap and high net worth individuals

Dear Permanent Secretary,

As you will be aware, in our recent Report on HMRC Customer Service and Accounts 2023-24 we recommended several steps your department should take to meet its goal of reducing the tax gap. We await your responses to those recommendations as per the Treasury Minute next month.

In our Report, we expressed concern about the offshore tax gap and the alacrity with which your department pursues debts owed to it and wealth hidden offshore. Over the last week, with the publication of several troubling press reports, our concern about these issues has deepened. We noted in our Report that HMRC's £0.3 billion estimate of the offshore tax gap was based on experimental statistics and was not a complete measure, but it now appears this is a gross underestimate.

We fully understand that officials will not be able to provide information in relation to specific cases given the confidentiality of individual tax affairs, but we do have several urgent questions about the broader issues raised. This is matter about which Members of this Committee are deeply concerned and that we are convinced requires significant further scrutiny. Therefore, we would be grateful if you could set out in detail:

- HMRC's tools and resources to address the offshore tax gap;
- Your current estimate of the offshore tax gap;
- Your department's enforcement policy for high net worth individuals with unpaid tax liabilities or other penalties;
- How you plan to deal with large unpaid tax bills if they should they arise;
- Your assessment of whether HMRC has the necessary resources and skills to recover unpaid tax, whether offshore or otherwise from high net worth individuals; and
- How many prosecutions you expect to conduct in this area over the next five years.

While we are aware the NAO is conducting its own enquiries into this matter, we would like an update now, given the high profile and substantial concerns raised in the media.

I would welcome your response by Wednesday 19 February 2025. If this response proves unsatisfactory, we will wish to ask further questions as part of a public evidence session in the very near future.



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Yours Sincerely

Sir Geoffrey Clifton-Brown MP
Chair of the Committee of Public Accounts