HM Revenue & Customs

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Sir Geoffrey Clifton-Brown
Chair of the Public Accounts Committee
House of Commons
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Dear Sir Geoffrey,

Collecting the right tax from wealthy individuals

Following the hearing on 12 June 2025, please find below the information we committed to provide.

HMRC is committed to tackling wealthy non-compliance and those who enable it. At Autumn Budget 2024 and Spring Statement 2025, the Government announced investment in HMRC's capability and capacity, including an additional 400 people to work on wealthy offshore risks. This will deliver an additional £500m in compliance yield by 2029-30 and contribute to an overall 20% increase in HMRC's positive charging decisions.

1. How HMRC will create more transparency regarding tax collected from wealthy individuals

HMRC is considering the NAO's recommendation for greater transparency on the amounts of tax paid by wealthy individuals, and the contributions made by the different segments within it, including customers in different wealth bands. We recognise the importance of providing greater transparency on our approach and outcomes and the role it plays in building public trust.

In terms of existing material, HMRC's Annual Report and Accounts includes a breakdown of the tax paid by wealthy individuals, and Income Tax and Capital Gains Tax statistics are published on GOV.UK:

- Income Tax statistics.
https://www.gov.uk/government/collections/income-tax-statistics-and-distributions

- Capital Gains Tax statistics.
https://www.gov.uk/government/statistics/capital-gains-tax-statistics

The National Audit Office's Collecting the right tax from wealthy individuals report (2025) also included further operational data on HMRC's 2023-24 compliance activity.

2. Penalties for enablers of offshore tax evasion or non-compliance

HMRC uses a range of civil and criminal powers to tackle offshore non-compliance. These are deployed according to the facts of each case and enable us to take necessary, and proportionate, steps to recover money that is owed.

These range from inviting customers to provide disclosures, through to criminal investigation, significant penalties, and seizure of assets. We use these powers singly and, where appropriate, in combination to achieve the maximum effect.

Some are used more regularly to correct inaccuracies and, where appropriate, penalise past behaviours. Others are used more sparingly but remain vital in terms of their deterrent effect (this is the primary purpose of the measure that introduced the penalties for enablers of tax evasion under schedule 20).

As a result, the impact of each power or penalty cannot be measured in isolation or assessed solely in terms of how many times they have been used. The specific penalty referenced by the Committee is on the top row of the table below, we have provided other relevant penalties to set this in context.

Penalties issued in relation to offshore tax evasion or non-compliance

Penalty	Amount since 2018-19*
Penalties issued to enablers of tax evasion or non-compliance under schedule 20 to the Finance Act 2016	Nil
Requirement to correct penalty under Schedule 18 to the Finance (No 2) Act 2017	c.2500 penalties totalling c.£90m
Offshore asset move penalties under Schedule 21 and Schedule 11 to the Finance Act 2016 and Schedule 22 of Finance Act 2016.	c.350 penalties totalling c.£500,000
Penalties for failure to notify chargeability to tax and failure to make tax returns under Schedule 24 to the Finance Act 2007, Schedule 41 to the Finance Act 2008 and Schedule 55 to the Finance Act 2009 (where the behaviour deliberate or careless)	c.6000 penalties totalling c.£38m.

*These are provisional numbers and may be subject to revision following formal assurance.

In addition to the powers listed above, there were 41 prosecutions of individuals identified as an enabler during the course of an HMRC criminal investigation between 2017-18 and 2023-24. Separately, HMRC has also levied c.200 penalties since 2021-22, totalling over £1.5 million, to enablers of defeated tax avoidance schemes.

Autumn Budget 2024 announcements

Autumn Budget 2024 included investment to scale-up compliance activity on serious offshore non-compliance – including fraud by wealthy customers, corporates they control, and other connected entities.

HMRC will:

- Tackle agents, accountants and lawyers who set up complex offshore arrangements to artificially reduce tax bills.
- Use cutting-edge data analytics and new information sources to better identify money hidden offshore.

Additional measures were announced to tackle promoters of marketed tax avoidance along with a consultation on enhanced powers and sanctions for HMRC to act against tax advisers who facilitate taxpayer non-compliance.

3. Overview of live tax policy consultations

There are currently eight live tax policy consultations, spanning a range of areas: two in business tax, four in indirect tax, one focused on tax administration, and one relating to environmental tax. All consultations are scheduled to close by 21 July. A complete list of consultations is provided in Annex A.

I have also provided clarifications and corrections to oral evidence in Annex B.

Best wishes,

John-Paul Marks
CHIEF EXECUTIVE AND FIRST PERMANENT SECRETARY

Annex A

Open tax consultations

There are currently 8 open tax consultations. They are sorted by tax head.

Title	Description	Tax Head	Date published	Closing date
Reform of transfer pricing, permanent establishment and Diverted Profits Tax	This consultation on draft legislation fulfils the government's Corporate Tax Roadmap commitment to further consult on reforming the UK's transfer pricing, permanent establishment (PE) and Diverted Profits Tax (DPT) rules.	Business Tax	28 April 2025	7 July 2025
Transfer pricing scope and introducing an International Controlled Transactions Schedule	This consultation seeks views on two related proposals. Both are designed to protect the UK tax base against cross-border profit diversion by multinational enterprises (MNEs) and align the UK more closely with international peers. The first proposal is to amend the current exemption from transfer pricing for small and medium-sized enterprises (SMEs), to better define and defend the UK tax base. The second proposal is to introduce a requirement for multinationals to report information on cross-border related party transactions to HMRC through an International Controlled Transactions Schedule (ICTS).	Business Tax	28 April 2025	7 July 2025

Strengthening the Soft Drinks Industry Levy	The government announced at Autumn Budget 2024 a review of the SDIL to identify opportunities to improve its effectiveness at reducing sugar in soft drinks. This consultation sets out proposals for changes to the minimum sugar content threshold at which the levy applies, and the current exemptions for milk-based drinks and milk substitute drinks.	Indirect Tax	28 April 2025	21 July 2025
Tax Treatment of Remote Gambling	The government is considering moving all remote gambling into a (new) single remote gambling tax to be called Remote Betting & Gaming Duty (RBGD). This would have in its scope betting and gaming activities offered remotely such as online casino, bingo etc., and remote betting including general and pool betting. This consultation seeks views from stakeholders on how this tax might work in practice.	Indirect Tax	28 April 2025	21 July 2025
VAT treatment of business donations of goods to charity	This is a consultation to seek views on the design and introduction of a VAT relief for goods donated by businesses to charity to give away free of charge to those in need or use in the delivery of their services.	Indirect Tax	28 April 2025	21 July 2025
Draft legislation: carbon border adjustment mechanism	This technical consultation aims to gather feedback from stakeholders on the drafting of the primary legislation to make sure it delivers the policy correctly and effectively. It is not a further consultation on the policy design.	Indirect Tax	24 April 2025	3 July 2025

Tax Administration Framework Review: Improving HMRC's approach to dispute resolution	The consultation seeks views on options for simplifying, modernising and reforming HMRC's approach to dispute resolution. It focuses on the ease of access and use of HMRC's alternative dispute resolution (ADR) and statutory review processes.	Tax administration and compliance	28 April 2025	7 July 2025
Landfill reform	The government is consulting on proposals to drive more materials out of landfill and design out incentives for Landfill Tax fraud, including: i) Transitioning to a single rate of Landfill Tax ii) Reforming Landfill Tax exemptions iii) Removing Landfill Tax reliefs	Environmental Tax	28 April 2025	21 July 2025

Annex B

Oral evidence transcript corrections and clarifications

In response to Q13, we stated we want to bring in an extra £6.5 billion in the scorecard period. This figure should be corrected to £7.5 billion per year by 2029-30, to reflect the measures and investment to close the tax gap announced at both Autumn Budget 2024 and Spring Statement 2025.

In response to Q14, Philippa Madelin responded to a question regarding the UK's Register of Overseas Entities (ROE) coming into operation in April 2025 and that so far only Gibraltar has filed such a register. We would like to clarify that HMRC started getting data from the ROE in April 2023; the register had a deadline for overseas entities to register by January 2023 where they owned UK property. Gibraltar is not required to file information under the ROE.