



HM Revenue  
& Customs

**Jim Harra**  
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Room 2/75  
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Dear Committee

I am writing to inform the committee of impacts on HMRC's tax gap estimates that result from the recently published revisions to HMRC's tax receipts data.

HMRC has made revisions to its historical tax receipts data (tax years between 2015 to 2016 and 2019 to 2020) which will have an impact on the tax gap estimates published in *Measuring tax gaps*. The latest receipts data are available in the 25 May 2021 [HMRC tax receipts and National Insurance Contributions for the UK](#) publication. More information on the receipts revisions can be found in the [statistics announcement](#) dated 25 May 2021.

The upward revision to VAT receipts in 2017 to 2018 (£1,060m) is large enough to affect the value of the VAT gap in that tax year, and to make a small difference to the headline total tax gap for 2017 to 2018. The VAT receipts revision in 2017 to 2018 implies a 0.8 percentage point reduction in the VAT gap for that year (to 8%), and a 0.1 percentage point reduction in the overall tax gap for the year (from 5.0% to 4.9%) compared with the tax gap estimates published in [Measuring tax gaps 2020 edition](#).

The revisions associated with the changes in receipts data will be combined with the annual updates HMRC makes to the tax gap estimates to take account of more recent data, for example compliance data and consumer expenditure data, so the final scale and direction of revisions may differ to the impacts set out here. Revised estimates of the tax gap will be published in *'Measuring tax gaps 2021 edition: tax gap estimates for 2019 to 2020'*, which is due to be published on 16 September 2021.

I will write to the committee again on 16<sup>th</sup> September with details of the latest tax gap estimates and to confirm the revised estimates for the 2017 to 2018 tax year.

Yours sincerely

A handwritten signature in black ink, appearing to read "Harra". The signature is written in a cursive, flowing style with a large initial 'H'.

JIM HARRA CHIEF EXECUTIVE AND FIRST PERMANENT SECRETARY