



HM Revenue
& Customs

Jon Thompson
Chief Executive and Permanent Secretary

Nicky Morgan MP
Chair of the Treasury Select Committee
House of Commons
Committee Office
London
SW1A 0AA

2/75
100 Parliament Street
London
SW1A 2BQ

14 June 2018



Dear Ms Morgan

Calculating the 2016 to 2017 Tax Gap

I am writing to let you know that HMRC has today published the 'Measuring Tax Gaps: 2018 edition' report. This includes our estimate of the 2016-2017 tax gap. The [full report](#)¹ and a copy of our [Issue Briefing](#)² on the subject are now available on GOV.UK

The report shows that the tax gap for 2016-2017 was 5.7% of total tax and duties due, or £33 billion in cash terms. This is the same percentage tax gap as for 2015-2016 once revisions are taken into account. When comparing over time, it's more meaningful to measure the tax gap as a percentage of total tax and duties due to HMRC because this is not affected by rate changes or changes in the size of the economy.

Tax gap calculations are a complex series of measurements and estimates and are subject to constant revision and improvement. This is due to the continued availability of more up-to-date data and improved data analysis. The estimates are produced in accordance with the Code of Practice for Official Statistics, which assures objectivity and integrity.

We believe we are the only revenue authority in the world that measures and publishes 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. The tax gap remains at its lowest

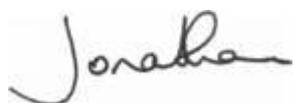
¹ <https://www.gov.uk/government/statistics/measuring-tax-gaps>

² <https://www.gov.uk/government/publications/issue-briefing-calculating-the-2016-to-2017-tax-gap>

level for 5 years and is a result of HMT and HMRC's sustained efforts to tackle non-compliance and in helping customers get things right from the start.

I hope you find this information useful. Should you have any queries about the latest tax gap estimates, please do get in touch.

Kind regards

A handwritten signature in black ink, appearing to read "Jonathon".

JON THOMPSON
CHIEF EXECUTIVE AND PERMANENT SECRETARY