Twelve zeroes

Tackling tax non-compliance in Britain's offshore accounts

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TAXWATCH

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Key findings

- Previously unpublished figures show that the amount of money and other financial assets that UK taxpayers hold in banks and other financial institutions in overseas tax havens has exceeded £1 trillion for the first time, and increased by 10 percent between 2022 and 2024.

- Data obtained by TaxWatch via Freedom of Information (FOI) shows that at the end of 2024 UK taxpayers held £1,031,688,749,568 in tax haven accounts, from the British Virgin Islands to Bermuda, reported to HMRC via an international information-exchange system (the Common Reporting System, or CRS). This is equivalent to around a third of the total cash and deposits that UK households, companies and investment funds had in UK financial institutions in December 2024.

- UK taxpayers hold much larger amounts in their tax haven accounts than in accounts in other jurisdictions. Between 2022 and 2024, only 21 percent of the accounts reported to HMRC via the CRS system were in tax haven jurisdictions, but these held between 68 and 78 percent of the balances reported to HMRC in this period. The average tax haven account held directly by an individual holds over 17 times the amount (£307,000 in 2024) than the average non-haven individual account (£18,000).

- While most of the income from these offshore accounts will have been correctly declared to HMRC, some taxpayers will use overseas accounts - particularly those in tax havens - to deliberately conceal income and gains. Others will inadvertently fail to declare them to HMRC. The unpaid tax (plus interest and penalties) that HMRC is collecting from UK taxpayers' offshore bank accounts disclosed to them via CRS and a separate US system (FATCA) has averaged £125 million a year in the last six years, according to tax compliance yield figures also obtained by TaxWatch via FOI.

- This is less than a third of the £400 million of tax that HMRC itself estimated was going unpaid on UK taxpayers' CRS-disclosed overseas accounts in 2018: an estimate that the Public Accounts Committee has called a “gross underestimate”, which excludes 45 percent of the overseas account balances reported to HMRC, and which does not take into account the 40 percent increase in UK taxpayers’ overseas account balances since 2018.

- HMRC has had some major successes in detecting and recovering offshore tax evasion, particularly complex cases for which CRS disclosures are less likely to be useful. This includes £652 million recovered in 2023 from Formula 1 boss Bernie Ecclestone, who concealed hundreds of millions of pounds in Singapore bank accounts controlled via offshore trusts. The number of HMRC staff working on offshore compliance has grown by nearly 40 percent in the last three years. HMRC’s wealthy compliance team is becoming more active in seeking information from wealthy taxpayers about offshore companies, trusts and assets.

- However, enforcement of more pedestrian offshore tax non-compliance remains limited. Penalties for deliberately moving offshore assets to evade detection were applied 350 times between 2018/19 and 2024/25 but penalties averaged just £1,400 each). Penalties for enabling offshore tax evasion, introduced in 2016, have still never been used.

- In other cases, HMRC does not centrally track the use of its new offences and penalty regimes to tackle offshore non-compliance. For example, a strict liability criminal offence for taxpayers failing to report offshore income or gains of over £25,000 was introduced prominently in 2016 in the wake of the Panama Papers. HMRC does not hold central records of how often, or indeed whether, any charges or prosecutions have taken place under this offence.

- Tax authorities are also working with one hand tied behind their backs due to gaps in CRS data. New figures show that 21 percent of all overseas accounts identified as owned by UK taxpayers, including 18 percent of such accounts in tax havens, are reported without a unique taxpayer identifier, which financial institutions should gather and transmit under the CRS system. This makes it difficult for HMRC to match undeclared financial accounts with individual taxpayers.

- Many offshore accounts go unreported or underreported even in CRS-participating jurisdictions. One study of records from an Isle of Man bank found that tax authorities only received CRS reports covering 50 percent of the amounts their tax residents held in the bank, due both to faulty reporting and loopholes in the rules themselves. Recent TaxWatch investigations have found online advisors telling individuals with CRS-reportable accounts to manipulate balances around the end-year date in order to take advantage of the fact that CRS does not disclose how much money flows in or out of the reported accounts during the year, but only their balance on 31 December and gross income from (some) assets held in the account. Equally, CRS exempts many kinds of account and accountholder from reporting at all, including non-UK trading companies owned by UK taxpayers, and most accounts of offshore pension schemes.

- Only around a third (36 percent) of taxpayers with offshore income and gains surveyed by HMRC in 2023-24 were confident that HMRC could identify when someone intentionally provides inaccurate information or withholds information when reporting their offshore income. 23 percent were not confident.

- HMRC has continually postponed the publication of an estimate of all tax going unpaid on offshore income and gains, promised by ministers since 2022. HMRC already has internal estimates of offshore ‘tax at risk’, which it has also refused to publish. This means that the public and ministers have no adequate benchmark to measure HMRC’s effectiveness at tackling offshore tax evasion and non-compliance, in contrast to its extensive annual publication of tax gaps for different types of domestic income and gains.

Recommendations

- The UK should consult with other countries on expanding CRS disclosures to accounts currently excluded from reporting requirements, including accounts of taxpayers' non-resident trading companies and some offshore pensions.

- The UK and other countries should advocate at the OECD to remove exemptions in the CRS standard allowing financial institutions not to gather unique taxpayer identifiers for accounts opened before the CRS came into force (2017 for the UK), or to check the reportability of pre-existing lower-balance entity accounts. To set an example, the UK should also remove these exemptions in domestic UK law for UK financial institutions.

- HMRC should monitor and report on penalties and offences for offshore tax non-compliance.

- HMRC should identify and examine individuals providing advice about CRS 'avoidance', particularly involving TIN manipulation or account balance manipulation. HMRC should seek to determine whether there have been any offences committed of enabling offshore tax evasion, and/or promoting tax avoidance arrangements with no realistic prospect that the arrangements will result in the promised tax advantage.

- HMRC's wealthy compliance team should ask wealthy individuals via their Customer Compliance Managers to declare details of all overseas bank accounts, for comparison against CRS data. If voluntary compliance with this requirement is limited, the UK should work with other countries to develop a unified 'country-by-country' reporting standard for the global asset and income footprint of High Net Worth Individuals.

- HMRC should publish its estimate of the offshore tax gap, as ministers have promised since 2022 and the Treasury Select Committee requested again in January 2026. It should include an update of the 2017/18 offshore account non-compliance estimate, as well as other areas of offshore non-compliance such as property income and gains, crypto-assets, and offshore trading companies.

Introduction: £1000000000000

It's clear that a number is significant when you have to count the number of zeroes it has. Even when measuring something across the entire economy, a trillion pounds is undeniably a significant sum.

It is all the more surprising, then, that this number is essentially invisible in the UK's macroeconomic statistics, and in our national economic and fiscal conversation.

The number we are discussing is the amount of money and other financial assets that UK taxpayers hold in accounts in banks and other financial and investment institutions[1] in tax havens: low-tax or financially opaque jurisdictions, from Switzerland to Nevis. To be accurate, the number is £1,031.688.749.568.26. The figure is not published, but has been obtained by TaxWatch via FOI from HMRC, which in turn receives the data from over 120 jurisdictions via the 'Common Reporting System' or CRS (see box A below). This is the figure for 2024, the last year for which full statistics were available when TaxWatch requested the data earlier this year.[2]

In 2024 this figure rose above £1 trillion for the first time since HMRC began to receive information about taxpayers' offshore accounts in 2017. A trillion pounds may be a largely symbolic threshold, but more importantly, UK taxpayers' balances in tax haven accounts are rising, growing by nearly 10 percent between 2022 and 2024.

Given that the total cash and deposits that UK households, companies and investment funds have in UK financial institutions stood at £2.9 trillion in December 2024, according to the Bank of England, this £1 trillion figure also raises questions about whether our national macroeconomic statistics are missing a major portion of the nation's financial wealth.[3]

UK taxpayers' overseas financial assets are heavily skewed towards a small subset of tax haven jurisdictions. On average, a UK taxpayer's tax haven account holds money and financial assets worth over eight times that of a non-haven account. As of 2024, a fifth of UK taxpayers' foreign accounts reported to HMRC via the Common Reporting System (CRS) were held in tax havens; but these tax haven accounts held two-thirds of the value of money and financial assets that UK taxpayers had in all overseas accounts.

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[1] These are financial accounts held by individuals, companies, trusts, and various collective investment vehicles with UK taxpayers as investors/beneficiaries, including hedge funds and private equity funds. UK taxpayers' equity and debt interests in investment entities are also reported.
[2] HMRC response to TaxWatch Freedom of Information Request (FOI2026/54290), 23 June 2026.
[3] Bank of England, measure of M4 (broad money) excluding intermediate other financial corporations (OFCs), December 2024 (Table J), *https://www.bankofengland.co.uk/statistics/money-and-credit/2024/december-2024*

Not all - or even most - of the income generated by these financial assets will be undeclared to HMRC and thus evading tax. But in 2024 HMRC sampled 2018 CRS declarations and found that 4 percent of taxpayers with offshore accounts were non-compliant, estimating that as a result between £200 million and £700 million of tax was going unpaid, with a central estimate of £400 million.[4]

For reasons described below (Box B), this £400 million estimate of unpaid tax is likely to be only a subset of the tax non-compliance via CRS-reported accounts, which are themselves only a subset of offshore accounts, themselves only a subset of offshore assets.[5] Nonetheless figures also obtained by TaxWatch via FOI show that the annual amounts of unpaid tax recovered by HMRC between 2018/19 and 2024/25 from CRS and other overseas accounts automatically notified to HMRC – including penalties and interest on top of due tax recovered - have never been greater than 40 percent of this £400 million figure (£164 million).

The hidden or underdeclared accounts included in HMRC's estimate should in theory be low hanging fruit: they are accounts held in taxpayers' own names, automatically notified to HMRC. Yet even against HMRC's own estimate, HMRC is failing to recover most of the unpaid tax on the income and gains of these vast offshore financial assets. This is true even if one does not take into account the fact that the amounts in UK taxpayers' overseas accounts being disclosed via CRS have increased since 40 percent since the 2018 figures that HMRC used in its estimate.

Below we look at how the picture is changing, why efforts to tackle undeclared offshore accounts might be struggling, and what this means for HMRC's newly-announced plans to tackle wealthy and offshore tax non-compliance.

[4] HMRC, *Undisclosed foreign income in Self Assessment by UK residents, 2018 to 2019* (24 October 2024), https://www.gov.uk/government/statistics/undisclosed-foreign-income-in-self-assessment-by-uk-residents-2018-to-2019/undisclosed-foreign-income-in-self-assessment-by-uk-residents-2018-to-2019

[5] Public Accounts Committee, *Collecting the right tax from wealthy individuals* (Fortieth Report of Session 2024–25), https://publications.parliament.uk/pa/cm5901/cmselect/cmpubacc/827/report.html

What are these offshore financial assets?

The money and other financial assets included in these statistics are held or controlled by UK taxpayers in accounts in other countries' financial institutions and investment entities. They are reported to HMRC under the Common Reporting System (CRS), an arrangement set up in 2014 by a multilateral treaty negotiated under the auspices of the Organisation for Economic Cooperation and Development (OECD). Participating countries gather information from banks and other reporting institutions about accounts controlled by the taxpayers of other participating countries, and automatically send this information to those other countries' tax authorities.

The OECD has hailed the system as 'ending bank secrecy'.[6] The first information exchanges began in 2017.

Over 120 countries and jurisdictions now participate in CRS, including almost every major financial centre except the United States. (The US gathers information on US taxpayers' foreign accounts via bilateral treaties as part of its separate 'FATCA' system, and exchanges a more limited amount of information with some other countries via these treaties). The 'compliance yield' figures we discuss below relate to accounts disclosed via both CRS and FATCA.

UK taxpayers have an unusually large amount of money and financial assets offshore. Researchers at the Norwegian Centre for Tax Research (Skatteforsk) gathered information about CRS disclosures in 2022 received by 26 countries in Europe, Latin America, southern Africa and East Asia. The UK had by far the largest total balances disclosed (USD 1457.5 billion in 9,977,853 accounts; compared to the next-largest, Germany, which received information about USD 801 billion in 11,960,357 accounts).[7] Overall 12.7 percent of the total money and financial assets disclosed via CRS in 2022 belonged to UK taxpayers.[8]

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[6] https://www.oecd.org/en/topics/policy-issues/tax-transparency-and-international-co-operation.html

[7] Boas HF, Collin M, Godar S, Moura C, Økland A, 'Did Automatic Exchange of Information End Bank Secrecy? Evidence from Aggregate Administrative Data', *Skatteforsk Centre for Tax Research Working Paper 32* (January 2026), Table 1, *https://www.nmbu.no/en/research/skatteforsk-tax-center/wp-32-did-automatic-exchange-information-end-bank-secrecy-evidence*

[8] Boas HF, Collin M, Godar S, Moura C, Økland A, 'Did Automatic Exchange of Information End Bank Secrecy? Evidence from Aggregate Administrative Data', *Skatteforsk Centre for Tax Research Working*

Not every kind of account and financial asset is disclosed. Only accounts with relatively simple ownership structures are included: those either held by UK taxpayers directly, or via 'passive' companies or other entities that are themselves owned by identifiable individual taxpayers. These are divided into four main categories:

- Accounts held by individuals directly
- CRS101 accounts: owned by a company or legal entity that is a 'passive non-financial entity' (e.g. an investment-holding company) owned by a 'reportable person' (a UK taxpayer)
- CRS102 accounts: owned by an active (e.g. trading) company or legal entity that is itself a 'reportable person' (i.e. is UK tax-resident)
- CRS103 accounts: owned by a passive (e.g. investment-holding) entity that is itself a 'reportable person' (i.e. is UK tax-resident)

CRS does not disclose accounts of non-UK companies owned by UK taxpayers that trade, though tax may also be due in owners' home countries on income from these companies too. Most accounts of offshore pension schemes are excluded, as are accounts given favourable tax treatment by the reporting country.

These exemptions mean that large amounts of offshore accounts go unreported even in CRS-participating jurisdictions. One study of leaked records from an Isle of Man bank up to 2018 found that tax authorities only received CRS reports covering 50 percent of what their tax residents held in the bank, due to CRS loopholes and exemptions making those accounts unreportable (32 percent) and discrepant or faulty reporting (18 percent).[9]

CRS reports do not disclose how much money flows in or out of the reported accounts during the year: only their balance on 31 December, and gross income from assets held in the account (usually savings interest and dividends).[10] Other forms of income – from pensions, investment gains, even some dividends – can be paid into the account, and out again during the same year, and will not be reported to the receiving tax authority.

Recent TaxWatch investigations into online providers of advice on offshore tax and asset protection have found some recommending ways to exploit these data limitations built into CRS. A document from one such advisory network presented a range of CRS avoidance techniques, some involving straightforwardly removing income or assets from the tax net of a taxing jurisdiction, but others actively concealing financial assets: including transferring out funds from an offshore account briefly around the 31 December reporting date.[11]

Paper 32 (January 2026), Table 1, https://www.nmbu.no/en/research/skatteforsk-tax-center/wp-32-did-automatic-exchange-information-end-bank-secrecy-evidence

[9] Bomare J, Collin M, *When Bankers Become Informants: Behavioral Effects of Automatic Exchange of Information*, EU Tax Observatory Working Paper 32 (June 2025), https://www.taxobservatory.eu/www-site/uploads/2025/06/WP33_When-Bankers-Become-Informants.pdf

[10] OECD, *Standard for Automatic Exchange of Financial Account Information in Tax Matters* (Second Edition, 2017), https://www.oecd.org/content/dam/oecd/en/publications/reports/2017/03/standard-for-automatic-exchange-of-financial-account-information-in-tax-matters-second-edition_g1g73eb6/9789264267992-en.pdf

[11] TaxWatch, The 'new offshore' and the Liberty Mundo network (September 2026), p.8, https://www.taxwatchuk.org/new-offshore/

There are many reasons why UK taxpayers may have overseas accounts, other than concealing assets or evading tax. They may have been 'non-domiciled residents' (non-doms), and have received income into offshore vehicles to avoid it being remitted to the UK and taxed there. Ordinary UK residents may acquire assets overseas like land or investments, and regulation such as capital controls may make it convenient or necessary to income from them in local accounts. Individuals may have lived and worked overseas, and then retained overseas accounts for pensions, shares in local companies, or through inertia.

(The latter two eventualities – real economic links to the overseas jurisdiction where the account is located - are not impossible for the kinds of jurisdictions included in our 'tax haven' figures, but are less likely in most cases. A UK taxpayer may purchase a buy-to-let property in France or have worked in Australia, but is much less likely to have done either in a territory like the British Virgin Islands or Nevis, where there is limited domestic economic activity or assets).

Accordingly, not everyone who has an overseas bank account is wealthy. Nonetheless overseas account holders are typically older, wealthier and more southern than the taxpayer population as a whole. In a 2025 HMRC survey of individuals who had disclosed offshore income and gains to HMRC, 55 percent were 65 or older, and the geographical region most represented was the south-east of England (31 percent).[12]

Accounts disclosed via CRS also include funds and financial assets of various collective investment vehicles such as private equity funds that are often located in low- or no-tax jurisdictions, and may be wholly or partly owned by UK taxpayers. This is likely to be a significant proportion of the offshore balances reported via CRS. Where tax reporting is done by the investment vehicle on behalf of its investors, rates of compliance may be high.

Box A: What do we mean by a tax haven?

There is no globally accepted list or definition of tax havens.[13] HMRC will not release CRS data broken down by individual jurisdiction. We therefore requested aggregate figures for (i) all accounts and balances reported under CRS, and (ii) accounts and balances in a list of financial centres originally developed by academics led by Gabriel Zucman of the EU Tax Observatory. Zucman et al's criteria for this list identify jurisdictions that host private banking industries catering primarily or overwhelmingly to non-residents of that jurisdiction, and which are disproportionate to those jurisdictions' domestic economies. These jurisdictions tend to have low- or no taxation of non-residents' income, and have also historically offered corporate or banking secrecy. First developed in 2014, we use the

[12] HMRC, *Executive Summary: Research to review the effectiveness of the current offshore penalties regime,* 17 July 2025, *https://www.gov.uk/government/publications/offshore-penalties-regime-research/executive-summary-research-to-review-the-effectiveness-of-the-current-offshore-penalties-regime#population-characteristics*

[13] Boas HF, Collin M, Godar S, Moura C, Økland A, 'Did Automatic Exchange of Information End Bank Secrecy? Evidence from Aggregate Administrative Data', *Skatteforsk Centre for Tax Research Working Paper 32* (January 2026), *https://www.nmbu.no/en/research/skatteforsk-tax-center/wp-32-did-automatic-exchange-information-end-bank-secrecy-evidence*

version of the list published in 2025.[14] Zucman et al distinguish between 'pure' financial centres and 'hybrid' financial centres such as Belgium or Austria, which have large custodian banking sectors for foreign depositors, but also have significant real economic activity, and whose residents themselves have significant offshore assets in other jurisdictions. We have excluded 'hybrid' financial centres from our analysis.

The list is: *Aruba, Anguilla, Antigua and Barbuda, Bahamas, Bahrain, Barbados, Bermuda, British Virgin Islands, Cayman Islands, Curaçao, Cyprus, Dominica, Gibraltar, Guernsey, Hong Kong, Isle of Man, Jersey, Liechtenstein, Luxembourg, Macao, Malta, Marshall Islands, Monaco, Montserrat, Nauru, Panama, Saint Kitts and Nevis, Seychelles, Singapore, Switzerland, Turks and Caicos Islands, Vanuatu*[15]

Any list of this kind inevitably generates controversy. This is unavoidable. The list above has the benefit of being used widely in academic research on offshore finance, and in particular in research conducted by the Norwegian Centre for Tax Research (Skatteforsk) at the Norwegian University of Life Sciences (NBMU), published in 2026, for which researchers obtained and published comparable CRS figures from HMRC for 2022. Using the same list allows our figures for 2023-24 to be directly comparable to Skatteforsk's figures for 2022 (see Figure 1 and Annex 1).

The UK thinktank Tax Policy Associates (TPA) previously obtained CRS data from HMRC via FOI covering years 2016, 2017, 2018 and 2019.[16] TPA likewise separated out 'tax haven' and 'non tax haven' accounts and balances, but used a different tax haven list (countries which do not have a tax treaty with the UK with a non-discrimination article preventing differential tax treatment in that country of non-residents and domestic tax residents,[17] plus four other territories commonly understood to be tax havens).[18] We considered using this list instead, to allow our 2023-24 figures to be comparable to TPA's 2016-19 figures. We decided, however, that it was more analytically useful to be able to compare with data for earlier years broken down by account-holder type: Skatteforsk's data is broken down in this way, but TPA's is not.

[14] Faye S, Godar S, Moura M, Zucman G, 'Global Offshore Wealth, 2021-2023', *EU Tax Observatory Working Paper No. 41* (December 2025), Section B.1, p. 44.

[15] As defined by Zucman et al, the list technically also includes the Falkland Islands/Malvinas, Pitcairn Islands, and Saint Helena/Ascension/Tristan da Cunha, but there are no banks in the Pitcairn Islands; only one branch of an international bank in the Falkland Islands providing local banking services only; and one government-owned bank in Saint Helena providing local banking services only.

[16] Tax Policy Associates, 'Tax Policy Associates report: UK taxpayers have £570bn in tax haven accounts, and HMRC has no idea how much of this reflects tax evasion', 27 May 2022, https://taxpolicy.org.uk/2022/05/27/crs-evasion/

[17] These countries are listed as "non-qualifying territories" under s173 of the Taxation (International and Other Provisions) Act 2010.

[18] Barbados, Liechtenstein, Panama and Mauritius. The full list of countries included as 'tax havens' in TPA's research is: Andorra, Antigua and Barbuda, Aruba, Barbados, Belize, Brazil, Colombia, Cook Islands, Costa Rica, Curacao, Faroe Islands, Gibraltar, Greenland, Grenada, Guernsey, Hong Kong, Isle of Man, Jersey, Korea, Lebanon, Lichtenstein, Macao (China), Mauritius, Monaco, Montserrat, Niue, Panama, Samoa, San Marino, Saudi Arabia, Seychelles, St Kitts and Nevis, St Lucia, St Vincent and the Grenadines, Vanuatu.

Key trends

- **Amounts held by UK taxpayers in overseas accounts are growing in both tax havens and non-havens.** By the end of 2024, overseas account balances reported via CRS were 70 percent larger in nominal terms than in 2019, when these figures were last publicly reported.[19]

  This increase cannot be explained simply by the fact that more jurisdictions are exchanging information with the UK via CRS over time. By 2019 there were already 100 jurisdictions reporting to the UK, compared to 111 in 2022 and 112 in 2024. Moreover, the jurisdictions added between 2019 and 2024[20] are relatively unimportant as international financial centres, though some have diaspora populations in the UK (Jamaica, Kenya) or populations of British people (Thailand).

- **UK taxpayers' balances in tax haven accounts are much larger than in non-haven accounts.** Between 2022 and 2024, only 21 percent of the accounts reported to HMRC under CRS were in tax haven jurisdictions. However, tax haven accounts held between 68 percent and 78 percent of the balances reported to HMRC in this period. The average tax haven account holds over 8 times the amount (£428,000 in 2024) than the average non-haven account (£53,000). The average tax haven account held directly by an individual holds over 17 times the amount (£307,000 in 2024) than the average non-haven individual account (£18,000).

- **The amounts in tax haven accounts are growing much more slowly than that in non-haven accounts.** Tax haven account balances grew by 9.4 percent between 2022 and 2024, while non-haven account balances grew by 85 percent in the same period, arguably part of a bulge in wealthier households' savings during the pandemic.[21]

- **55 percent of the reported balances in 2024 were held directly by individuals. This rose to 66 percent in tax haven jurisdictions.** Another 25 percent was held by a company owned by a UK taxpayer: this proportion varies little between tax havens and non-havens. 5 percent of balances (tax havens) and 23 percent (non-havens) was held

[19] Tax Policy Associates, 'Tax Policy Associates report: UK taxpayers have £570bn in tax haven accounts, and HMRC has no idea how much of this reflects tax evasion', 27 May 2022, *https://taxpolicy.org.uk/2022/05/27/crs-evasion/*

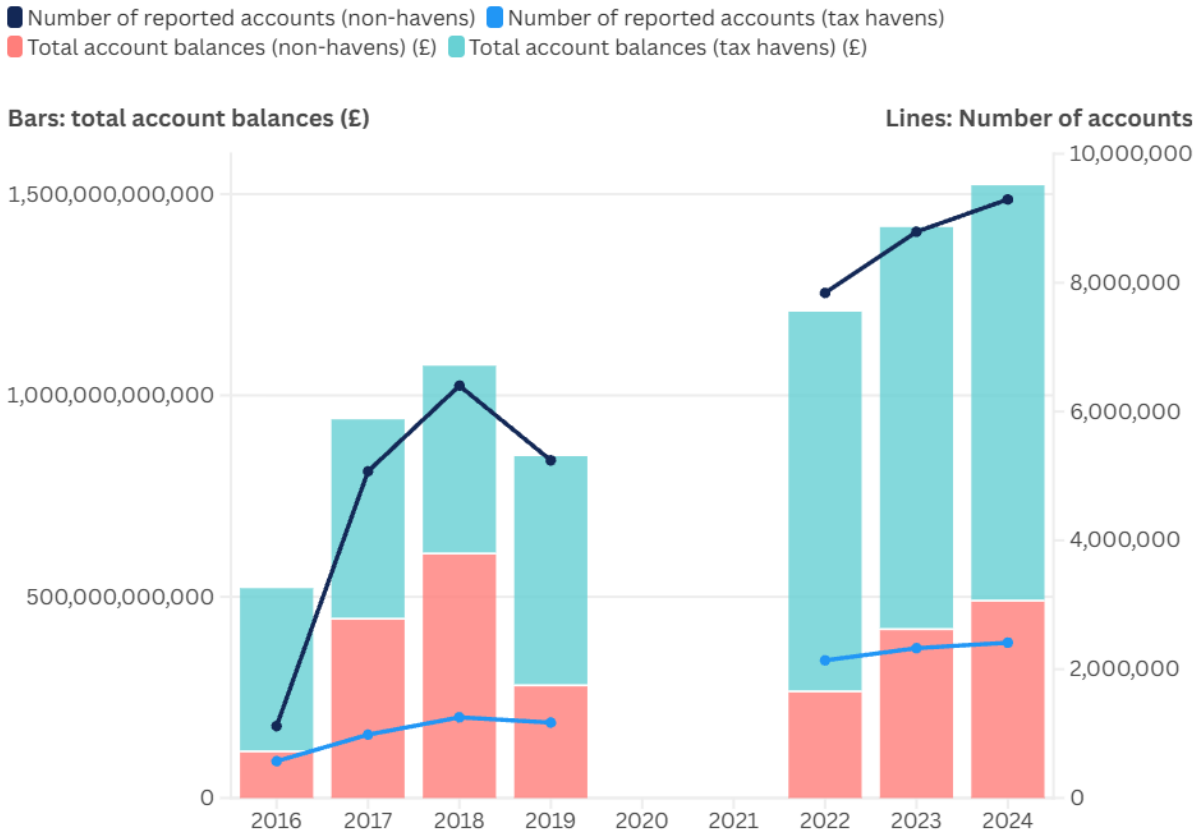
[20] In 2020: Albania, Dominica, Ecuador, Kazakhstan, Oman, Peru. In 2021: Maldives, Taiwan (Republic of China). In 2022: Jamaica, Kenya, Morocco, New Caledonia (Sint Maarten did not exchange). In 2023: Moldova, Montenegro, Sint Maarten, Thailand, Uganda (Morocco did not exchange). In 2024: Moldova, Montenegro, Uganda and Morocco did not exchange. See HMRC, 'IEIM400090: Common Reporting Standard: Participating Jurisdictions', in *International Exchange of Information Manual*, published 25 April 2016, updated at various dates, *https://www.gov.uk/hmrc-internal-manuals/international-exchange-of-information/ieim400090*

[21] David Milliken, 'Four years after pandemic shock, UK household saving stays high', *Reuters,* 22 July 2024, *https://www.reuters.com/world/uk/four-years-after-pandemic-shock-uk-household-saving-stays-high-2024-07-22/*

by active companies or other legal entities that are themselves UK taxpayers. 4 percent of balances (tax havens) and 19 percent (non-havens) are held by passive or investment-holding companies or other legal entities that are themselves UK taxpayers.

Figure 1: For the first time, UK taxpayers have more than £1 trillion in tax haven accounts

Note: 2016-19 figures use a different list of 'tax haven' countries, and so are not directly comparable to 2022-24 'tax haven' figures. Figures for total account balances are comparable.



Sources: 2016-19: HMRC via TPA FOI; 2022: HMRC via Skatteforsk FOI; 2023-24: HMRC via TaxWatch FOI

N.B. One source of uncertainty in these figures relates to potential double-counting. A CRS report is sent to a jurisdiction for every account owner that is tax-resident in that jurisdiction, and some accounts may have more than one qualifying account owner. Since we requested total balances we assume that HMRC's figures corrected for this, but cannot be certain.

Is due tax being paid on offshore accounts?

HMRC's estimate of £400 million unpaid tax by CRS accountholders in 2018/19[22] is the only measure we have to compare against HMRC's compliance yield from CRS disclosures. As described below (Box B) HMRC's estimate excludes several types of tax, and around 45 percent of the CRS-reported accounts by value. Nonetheless it is the only organizational benchmark that HMRC has produced for the scale of the problem.

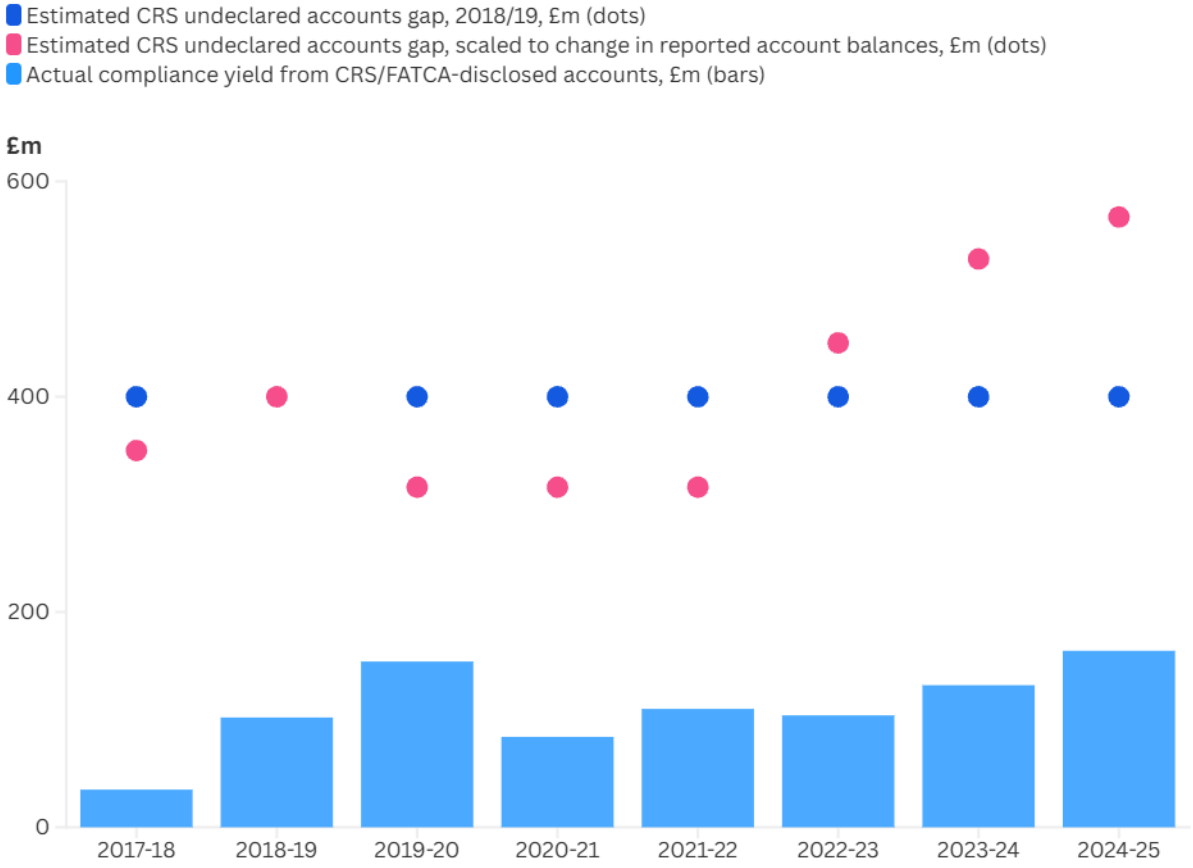
Against this benchmark, compliance yield (recovered tax plus interest and penalties) from all overseas accounts it automatically receives information about (either via CRS or US accounts disclosed via FATCA) has never been more than 40 percent of this £400 million estimate for unpaid tax on CRS-disclosed accounts alone.

Since penalties for failing to declare offshore income typically range from 100 percent to 200 percent of the tax due,[23] this suggests that the proportion of unpaid tax being recovered is small. Scaling £400 million to the growth of total CRS-declared balances since 2018/19 (the pink dots in Figure 2) suggests that an even smaller proportion of the likely missing tax is being recovered.

[22] HMRC, *Undisclosed foreign income in Self Assessment by UK residents, 2018 to 2019* (24 October 2024), *https://www.gov.uk/government/statistics/undisclosed-foreign-income-in-self-assessment-by-uk-residents-2018-to-2019/undisclosed-foreign-income-in-self-assessment-by-uk-residents-2018-to-2019*

[23] HMRC, *Guidance: Compliance checks — CC/FS17: penalties for offshore non-compliance*, updated 11 January 2022, *https://www.gov.uk/government/publications/compliance-checks-penalties-for-income-tax-and-capital-gains-tax-for-offshore-matters-ccfs17/compliance-checks-penalties-for-offshore-non-compliance-ccfs17*

Figure 2: HMRC compliance yield from automatically-notified overseas accounts has never been more than 40% of its estimate of the unpaid tax



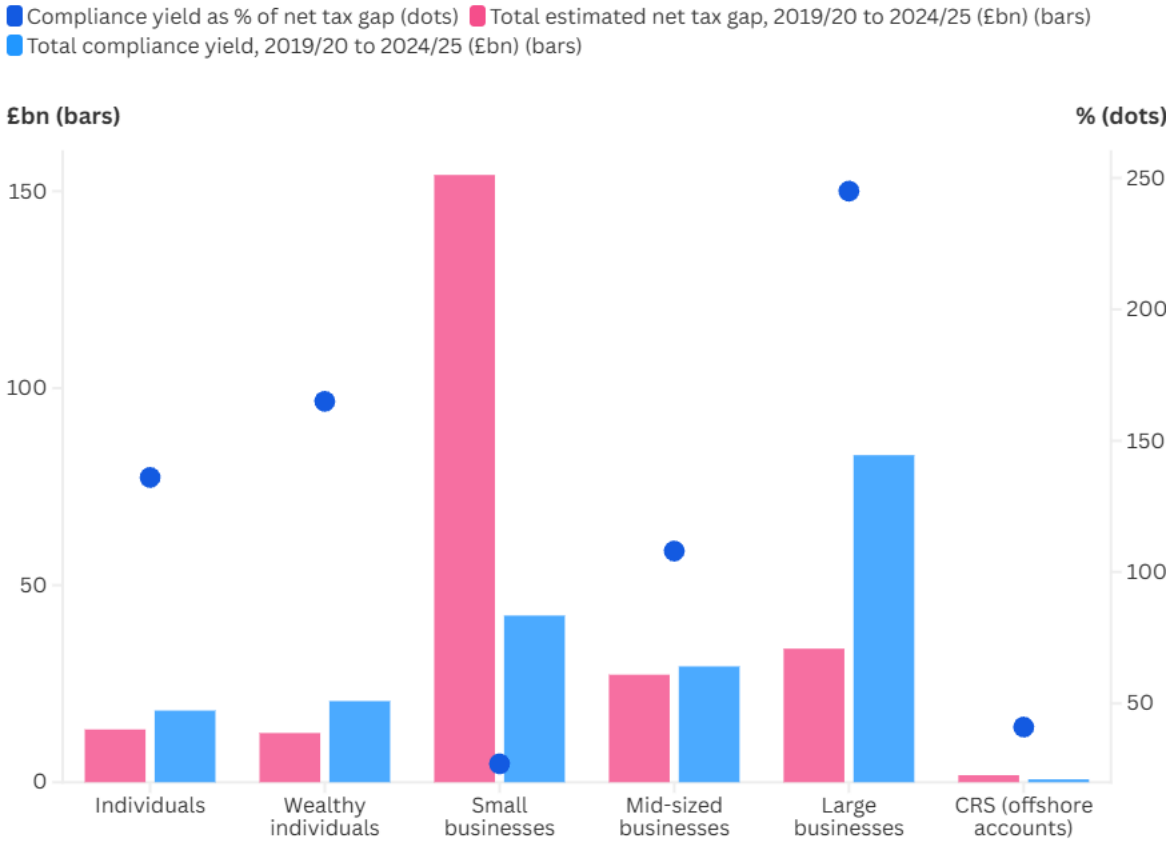
Sources: HMRC, TaxWatch FOI 2026, Undisclosed foreign income in Self Assessment by UK residents

Compliance yield cannot be directly compared year-on-year with a tax gap: tax is rarely recovered in the same year as it is evaded or otherwise unpaid; compliance cases can take several years to complete; and as well as recovered tax, compliance yield also includes interest and penalties. And compliance efforts will never recover all unpaid tax: there will always be some non-compliance, and thus some tax gap.

Nonetheless if compliance efforts are only recovering a fraction of a tax gap every year over time, it can indicate limited compliance success. Offshore-account compliance yield also contrasts with other areas of tax compliance (Figure 3), where the compliance yield meets or exceeds the estimated (net) tax gap over time.[24]

[24] This comparison is complicated further by the fact that we are comparing compliance yield with *net* tax gaps (after compliance activity) rather than gross tax gaps. While we have both net and gross tax gap estimates for CRS non-compliance, we only have published figures for net tax gaps for the customer groups shown in Figure 3.

Figure 3: Compliance yield from CRS-disclosed offshore accounts is persistently lower than the estimated tax gap



Source: TaxWatch calculations from HMRC Tax Gap publications and annual report/accounts, various years; HMRC via TaxWatch FOI

One explanation for compliance yield remaining a relatively small proportion of the 2018/19 non-compliance estimate is that non-compliance itself might be expected to decline as the CRS system grows, offshore bank secrecy diminishes, inadvertent tax defaulters are notified, and deliberate tax evaders are identified.

However, given that the value of CRS-notified accounts fell between 2018 and 2022, if non-compliance were diminishing substantially at the same time, then a drop in compliance yield would be more likely. Instead, CRS/FATCA compliance yield (Figure 2, bars) follows the pattern of other compliance yield categories: a sharp decline during the pandemic as HMRC operations reduced, followed by a gradual post-pandemic recovery.[25] This suggests that the limiting factor is not the amount of non-compliance 'available' for counteraction.

However, it is not possible to determine with certainty from the available data how non-compliance levels, compliance success and CRS balances are interacting. To properly gauge

[25] See TaxWatch, *State of Tax Administration 2025*, Section 1.6, *https://www.taxwatchuk.org/wp-content/uploads/SOTA-2025-web-version-FINAL.pdf*

HMRC's compliance success on offshore accounts, HMRC needs to update its estimate of offshore account non-compliance, as it does annually with other areas of the tax gap.

Box B: Why is the offshore tax gap still a secret?

What gets measured gets done. Measuring the UK tax that goes unpaid on all offshore assets – of which CRS-notified financial accounts are only a subset – has thus far been something that academics and civil society organisations have done, with very partial publicly-available data, in the absence of estimates from the tax authority. Civil society and MPs have long pressed HMRC to disclose its own best estimate, using much better non-public data from taxpayers, banks, and enforcement cases. How else is it possible to determine whether the amount HMRC raises from tackling this 'offshore tax gap' – which it last disclosed was £1.7 billion from 2018 to 2025, just 1 percent of total compliance yield during this period – is significantly tackling the problem?[26]

In July 2022, the then Financial Secretary to the Treasury promised Parliament that the annual HMRC 'Tax Gap' publication in 2023 would include a "*stand-alone offshore tax gap*" estimate.[27] Five years later, no such estimate has been published. In February 2025, HMRC's Chief Executive wrote to Parliament's Public Accounts committee that "*HMRC does not currently have an estimate for the overall offshore tax gap*".[28] Thanks to reporting from the National Audit Office, it subsequently emerged that in fact "*[i]nternally, HMRC has identified…tax at risk from all forms of offshore non-compliance, but it does not publish this figure.*"[29] In response to an FOI request from TaxWatch, HMRC refused to release this 'offshore tax at risk' figure, arguing that it could be "*misinterpreted*" and might "*distract officials*".[30]

Pressed further by Parliament's Treasury Select Committee in January 2026, HMRC officials refused to disclose the 'tax at risk' estimate to them too, but now on different grounds: that releasing the estimate is a "*security issue*" which risks encouraging "*copycats or people trying to exploit weaknesses*".[31] (That reasoning is difficult to understand. HMRC routinely publishes estimates of tax at risk and tax gaps. Publishing a figure for the amount of VAT fraud

[26] Letter from Sir Jim Harra, First Permanent Secretary and Chief Executive of HMRC, to the Public Accounts Committee, 19 February 2025, https://committees.parliament.uk/publications/46576/standard/pdf/

[27] Commons answer, 22 July 2022 (HC Deb, 13 July 2022, cW), https://www.theyworkforyou.com/wrans/?id=2022-07-05.30972.h&s=speaker%3A25399

[28] Letter from Sir Jim Harra, First Permanent Secretary and Chief Executive of HMRC, to the Public Accounts Committee, 19 February 2025, https://committees.parliament.uk/publications/46576/standard/pdf/

[29] National Audit Office, *Collecting the right tax from wealthy individuals* (HC 876, 2024-25), 16 May 2025, para. 2.21, https://www.nao.org.uk/reports/collecting-the-right-tax-from-wealthy-individuals/

[30] Simon Lock, Ed Siddons, ' HMRC won't admit how much tax is lost offshore', 4 November 2025, *The Bureau of Investigative Journalism*, https://www.thebureauinvestigates.com/stories/2025-11-04/hmrc-wont-admit-how-much-tax-is-lost-offshore

[31] TaxWatch, 'MPs ask tough questions about closing the tax gap', 14 January 2026, https://www.taxwatchuk.org/tough-questions-from-mps-about-closing-the-tax-gap/

they think is taking place in the economy, for instance, is not laying out a manual for how that fraud can be done).

Finally, in June 2026, HMRC repeated once again its 2022 promise, stating that it would produce "*a stand-alone offshore tax gap, with the aim to publish in 2027*".[32]

In October 2024 published a partial estimate of one subset of the 'offshore tax gap'. These experimental statistics used CRS disclosures themselves to estimate the amount of tax going unpaid on income from UK taxpayers' offshore accounts disclosed to it via CRS in one tax year only (2018-19).[33] As discussed above, HMRC identified 700,000 'potentially non-compliant' individuals with accounts disclosed via CRS that year, within which it found 16 percent of a random sample of 400 'potentially non-compliant' taxpayers had actually concealed or under-declared income. From this sample HMRC estimated that between £200 million and £700 million of tax was going unpaid on income from offshore accounts annually, with a central estimate of £400 million. HMRC also disclosed that in that year (2018-19) it recovered £100 million of tax plus penalties from underdeclared or undeclared CRS account income.[34]

This is an important start to understanding the problem. But it cannot capture a very large amount of potential tax non-compliance even on the subset of offshore assets represented by UK taxpayers' CRS-disclosed offshore accounts. This is because HMRC's estimate:

- **Only included offshore accounts held directly by individuals.** It "*excludes any non-compliance relating to companies with any form of foreign income*".[35] As shown by the breakdowns that TaxWatch has now obtained from HMRC of CRS-disclosed accounts (Annex 1), HMRC's estimate thus excludes accounts that contain nearly half (45 percent) of the value disclosed to HMRC via CRS. Whether this 45 percent of excluded balances is more or less tax-compliant than the 55 percent included in HMRC's estimate is unknown. However, those seeking actively to conceal income from HMRC are unlikely to do so via offshore accounts held directly in their own names, which are the only type of account included in HMRC's analysis of non-compliance. Including only directly-held accounts in the analysis may also skew the estimate towards non-compliance by less wealthy and less sophisticated taxpayers who are less likely to hold accounts via more complex entity structures.

- **Only covers unpaid income tax**, ignoring other forms of tax on offshore financial assets such as capital gains tax or national insurance contributions. This is presumably because CRS data only shows year-end account balances and gross yearly account income, and thus cannot show money from earnings (relevant to NICs) or the base cost of assets such as shares on which capital gains are received.

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[32] HMRC, *Tax Gaps: 2026 edition*, 23 June 2026, Chapter 1, https://www.gov.uk/government/statistics/measuring-tax-gaps/1-tax-gaps-summary

[33] HMRC, *Undisclosed foreign income in Self Assessment by UK residents, 2018 to 2019* (24 October 2024), https://www.gov.uk/government/statistics/undisclosed-foreign-income-in-self-assessment-by-uk-residents-2018-to-2019/undisclosed-foreign-income-in-self-assessment-by-uk-residents-2018-to-2019

[34] HMRC, *Undisclosed foreign income in Self Assessment by UK residents, 2018 to 2019* (24 October 2024), https://www.gov.uk/government/statistics/undisclosed-foreign-income-in-self-assessment-by-uk-residents-2018-to-2019/undisclosed-foreign-income-in-self-assessment-by-uk-residents-2018-to-2019

[35] HMRC, *Undisclosed foreign income in Self Assessment by UK residents, 2018 to 2019* (24 October 2024), https://www.gov.uk/government/statistics/undisclosed-foreign-income-in-self-assessment-by-uk-residents-2018-to-2019/undisclosed-foreign-income-in-self-assessment-by-uk-residents-2018-to-2019

- **Assumes that all non-compliance was detected in the random sample.** In practice, for reasons described above regarding the limitations of CRS data, audits based only on CRS data are likely to miss a large amount of non-compliance – for instance, undeclared trading income, or instances in which non-interest income is received in the accounts and then moved out again before year-end.

- **Uses historical data from one year of CRS disclosures (2018)**, while UK taxpayers' balances in overseas accounts disclosed via CRS increased by 40 percent between 2018 and 2024.[36]

- **Excludes accounts held in the US**, which are likely to be a large proportion of UK taxpayers' overseas accounts. While HMRC in theory receives information about UK taxpayers' US accounts via FATCA, in practice corporate ownership secrecy in many US states means that financial institutions may not correctly identify the UK taxpayer as the beneficial owner of the company and its account in some cases.[37]

HMRC is open about some of these limitations of its estimate. The Public Accounts Committee has nonetheless criticized this £400 million estimate as being "*implausibly low*"[38] even on its own terms - as a measure of unpaid tax on offshore accounts disclosed to HMRC via CRS. And it is clearly only a small subset of the larger tax gap on all forms of offshore income and gains: from land, from boats/fine art/other moveable assets, from crypto-assets, and from other forms of income and gains such as pensions or trading companies not covered by CRS.

[36] TaxWatch calculations from FOIs by TaxWatch (2026) and Tax Policy Associates (2022).
[37] US Treasury, 'FinCEN Permanently Ends Beneficial Ownership Reporting Requirements for Millions of Small Business Owners', 11 August 2026, *https://home.treasury.gov/news/press-releases/sb0603*
[38] Public Accounts Committee, *Collecting the right tax from wealthy individuals* (Fortieth Report of Session 2024–25), *https://publications.parliament.uk/pa/cm5901/cmselect/cmpubacc/827/report.html*

Progress in tackling offshore account non-compliance

HMRC has had some major offshore compliance successes in recent years. Famously, in 2023, ex-Formula One boss Bernie Ecclestone pleaded guilty to tax fraud and agreed to pay £652 million to settle tax liabilities, interest and penalties for income concealed offshore, including £416 million sent to a Singapore bank account held by a company and ultimately a trust of which Ecclestone was the (undeclared) settlor.[39] The Ecclestone case was not, though, a product of CRS disclosures: the investigation, which started in the early 2010s before CRS was created, and was reportedly initiated due to disclosures in a bribery case in Germany, [40] and involved detailed collaboration with Singapore tax authorities.

The Ecclestone case also highlights what we can and cannot expect from offshore account disclosures via CRS. CRS will not catch concerted, sophisticated tax evaders, who will layer ownership and transactions to evade CRS disclosure or being identified as a disclosed account's beneficial owner.

Nonetheless the subset of CRS-notified accounts that make up HMRC's offshore account tax gap estimate should be low-hanging fruit for compliance: they are accounts directly held by identified UK taxpayers, and the initial stages of investigating them, at least, should be relatively mechanical. Compliance yields considerably lower than this gap point to problems other than those inherent to CRS such as complex ownership chains, missing offshore accounts, or the limited information on account income disclosed via CRS.

Potential obstacles fall into three areas: data, capacity, and deterrence.

(i) Data

Recovering unpaid tax from a CRS-disclosed account requires uniquely identifying the taxpayer which owns the account. Between 2022 and 2024, nearly a quarter of all accounts disclosed to HMRC via CRS had no taxpayer identifier, such as a taxpayer identification number or unique taxpayer reference (Table 1). The proportion of accounts without identifiers is falling over time,

[39] Courts and Tribunals Judiciary, R v Bernard Ecclestone: Sentencing Remarks (12 October 2023), *https://www.judiciary.uk/wp-content/uploads/2023/10/R-v-Ecclestone-sentencing-121023.pdf*

[40] Courts and Tribunals Judiciary, R v Bernard Ecclestone: Sentencing Remarks (12 October 2023), para. 10, *https://www.judiciary.uk/wp-content/uploads/2023/10/R-v-Ecclestone-sentencing-121023.pdf*

and the figures are slightly better for tax haven than non-haven jurisdictions, but nonetheless around a fifth of tax haven accounts are reported without identifier.

This is a gap partly built into the CRS' lax standards. The multilateral treaty under which CRS takes place requires each reportable account to be accompanied by the beneficiaries' unique taxpayer identification numbers (TINs),[41] such as the HMRC-issued Unique Taxpayer Reference number. However, the implementation standard produced by the OECD only requires banks and other financial institutions to collect TINs for new accounts. For pre-existing accounts, financial institutions must report the TIN if it is already on file, or otherwise must use "reasonable efforts" to obtain it.[42] Likewise the UK allows financial institutions to elect not to check whether entity (non-individual) accounts are reportable under CRS as long as they were opened prior to CRS entering into force, and if their balances are lower than USD 250,000.[43]

It is difficult to understand the practical justification for these significant derogations, since widely-implemented international anti-money-laundering standards also recommend verifying the identity and conducting ongoing customer monitoring of all banking clients on a periodic basis, which would provide the occasion to gather TINs or establish reportability.[44] Ongoing customer monitoring is duly required by many national anti-money-laundering laws and regulations. Nonetheless banking industry groups have continued to oppose requirements in other tax information-exchange arrangements to gather TINs from all account-holders on the grounds that it might lead to account closures.[45]

Table 1: CRS accounts reported to HMRC without identifiers, 2022-2024

Reporting year	All accounts without taxpayer identifier (%)	Tax haven accounts without taxpayer identifier (%)
2022	26	21
2023	24	20
2024	21	18

Sources: 2022: FOI to Skatteforsk (see footnote 8); 2023-24: FOI to TaxWatch

More widely, disclosure requirements for financial institutions are not matched by disclosure requirements for taxpayers themselves, which can be an essential corollary where an account owner is concealed or imprecisely reported in CRS data, or where offshore accounts go unreported by CRS institutions through loopholes or weak implementation. Of course, UK taxpayers have legal obligations to report taxable income and gains to HMRC. However, the self-assessment tax return requires very little information about financial assets themselves, only

[41] Multilateral Competent Authority Agreement on Automatic Exchange of Financial Account Information, Section 2(2).
[42] OECD, *Consolidated text of the Common Reporting Standard (2025)*, Section 1(C), p. 6, https://www.oecd.org/en/publications/2025/04/consolidated-text-of-the-common-reporting-standard-2025_e478bc04.html
[43] HMRC, 'IEIM403260 - Due Diligence: Pre-Existing Entity Accounts: Thresholds', *International Exchange of Information Manual*, 25 April 2016 updated 17 November 2026, https://www.gov.uk/hmrc-internal-manuals/international-exchange-of-information/ieim403260
[44] Financial Action Task Force, *The FATF recommendations* (updated June 2026), Recommendation 10(d), https://www.fatf-gafi.org/content/dam/fatf-gafi/recommendations/fatf-recommendations-2012.pdf
[45] E.g. European Banking Federation, 'EBF RESPONSE TO THE EUROPEAN COMMISSION CONSULTATION ON DAC8', 30 March 2023, paragraph 5.1, https://ec.europa.eu/info/law/better-regulation/api/download/090166e5f9e6daae

requiring aggregate figures for financial income (such as interest or dividends).[46] Moreover, taxpayers only report income if they or their advisers consider that it is within scope of UK tax: a determination which can and is often disputed for offshore income like non-UK pension schemes or gains on assets held in offshore trust structures. This combination of "don't ask" and "don't tell" complicates HMRC's ability to determine the existence or taxability of offshore income and gains. TaxWatch has also seen evidence of online advisors recommending offshore account-holders to manipulate their CRS-reported identifiers in order to obstruct accounts being reported to tax authorities in their residence jurisdiction, including by giving offshore banks a taxpayer number from a different non-CRS jurisdiction obtained by purchasing property or registering a business in that jurisdiction.[47]

The UK's Wealthy Compliance Team has begun during 2026 to make requests to High Net Worth Individuals (HNWIs) for full lists and descriptions of their asset footprints: including onshore and offshore properties, corporates, trusts, partnerships, charities, REITs and unincorporated businesses.[48] Copies of these requests circulating online do not yet include requests for taxpayers to disclose overseas accounts that they or legal entities they own may hold. Adding requests for account details could provide a valuable backstop to CRS. Putting such 'country by country' disclosure for HNWIs on a statutory footing, perhaps as an international standard, could help combat the push-back that such requests are already receiving from some wealthy individuals and parts of the wealth management industry.

(ii) Capacity

Pursuing hidden offshore income takes time, skills, and personnel. The large number of CRS disclosures, and the limited data that CRS provides on account income (still less its taxability) presents a capacity problem, since CRS disclosure is only ever a potential non-compliance indicator. We do not know how many enquiries overall are being generated by CRS data. Beyond enquiries, HMRC has relied in part on writing 'one-to-many' letters (sometimes called 'nudge letters') to taxpayers with CRS-notified accounts, inviting them to update or correct their offshore income declarations before HMRC opens an inquiry.[49] We do not know how many new taxpayer disclosures result from CRS one-to-many campaigns, but another HMRC letter campaign based on bulk offshore data, the 'Pandora Papers' one-to-many letters issued in 2023 and 2024, generated a response rate of less than 20 percent, and a disclosure rate of less than 2 percent.[50]

Staff capacity is improving. HMRC's new Wealthy Plan, published at the October 2026 budget, recommits HMRC to its target to recruit or redeploy 400 more staff by 2030 to focus on wealthy

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[46] HMRC, *Self Assessment: Foreign (SA106),* https://www.gov.uk/government/publications/self-assessment-foreign-sa106

[47] TaxWatch, The 'new offshore' and the Liberty Mundo network (September 2026), p.8, https://www.taxwatchuk.org/new-offshore/

[48] Somesh Jha, 'UK Billionaires push back after HMRC seeks more tax information', *Bloomberg Tax*, 24 September 2026, https://www.bloomberg.com/news/articles/2026-09-24/uk-billionaires-push-back-after-hmrc-seeks-more-tax-information

[49] MacFarlane's, 'HMRC's use of 'nudge' letters – what do you need to know' (10 May 2022), https://hwfisher.co.uk/hmrcs-use-of-nudge-letters-what-do-you-need-to-know/

[50] TaxWatch, *State of Tax Administration 2025*, p. 18, https://www.taxwatchuk.org/state-of-tax-administration-2025/

offshore non-compliance.[51] 244 of these 'wealthy offshore' compliance staff are already reportedly in place,[52] though in July 2026 HMRC reported that 200 of these were redeployees from elsewhere in the organisation,[53] which may have knock-on impacts on compliance capacity elsewhere in HMRC.

It is expected that most of these staff, including at least twenty wealth management specialists, will focus on the largest complex cases, for which CRS data will only be one of many data points. More widely, however, staff working on offshore compliance across other compliance directorates has grown by nearly 40 percent in the last three years, with a particularly large increase in (non-wealthy) individuals and small business compliance, where HMRC considers that the UK's overall tax gap is substantially concentrated (Table 2).

Table 2: Full-time-equivalent (FTE) HMRC staff working on offshore risk and non-compliance

Directorate	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
Fraud Investigation Service (FIS)	400	370	366	367	365	388	472
Individuals and Small Business Compliance (ISBC)	0	0	14	13	11	149	126
Risk & Intelligence (RIS)	186	233	257	258	267	250	298
TOTAL	**586**	**603**	**637**	**638**	**643**	**787**	**896**

Source: HMRC FOI to TaxWatch, 14 August 2025, 29 October 2026. N.B. FIS figures cover all Offshore, Corporate and Wealthy (OCW) staff and are thus not limited to FTE working specifically on offshore compliance.

(iii) Deterrence

A raft of additional 'offshore' penalties introduced during the 2010s have in theory made offshore non-compliance more expensive than previously. However, offshore penalties are used relatively infrequently, and for relatively small sums on average. And penalizing those facilitating

[51] HMRC, *Modernising HMRC's approach to wealthy compliance* (28 October 2026), https://www.gov.uk/government/publications/hmrcs-approach-to-wealthy-compliance/modernising-hmrcs-approach-to-wealthy-compliance

[52] HMRC, *Modernising HMRC's approach to wealthy compliance* (28 October 2026), https://www.gov.uk/government/publications/hmrcs-approach-to-wealthy-compliance/modernising-hmrcs-approach-to-wealthy-compliance

[53] HMRC, *HMRC Transformation Roadmap: update 2026* (27 July 2026), https://www.gov.uk/government/publications/hmrc-transformation-roadmap-progress-update-2026/hmrc-transformation-roadmap-update-2026

offshore tax evasion – key nodes for shutting down multiple instances of non-compliance – is still vanishingly rare.

- An 'offshore multiplier' to standard penalties for failure to notify tax liabilities or make tax returns, has been used around 6000 times between 2018/19 and 2024/25, though still generating relatively small penalties (averaging around £6,300).[54]
- Penalties specifically for deliberate offshore non-compliance, such as moving offshore assets to obstruct tax investigations, are used, though relatively modestly (around 350 penalties between 2018/19 and 2024/25, averaging around £1,400 each).[55]

By contrast, penalties for enabling offshore tax evasion, introduced in Finance Act 2016 in the wake of the Panama Papers, have still never been used.[56]

In other cases, HMRC does not centrally track the use of its new offences and penalty regimes to tackle offshore non-compliance, making it difficult or impossible to gauge their effectiveness or deterrent effect. For example, the major criminal measure against offshore tax evasion introduced following the Panama Papers in 2016 was a strict liability criminal offence for taxpayers failing to report offshore income or gains of over £25,000. HMRC does not hold central records of how often, or indeed whether, any charges or prosecutions have taken place under this offence since its introduction.[57]

This patchwork of relatively light and infrequently used penalties does not appear to constitute an effective deterrent. In 2023-24, HMRC commissioned interviews and surveys of taxpayers to gauge the effectiveness of offshore penalties. Only around a third (36 percent) of taxpayers with offshore income and gains were confident that HMRC could identify when someone intentionally provides inaccurate information or withholds information when reporting their offshore income. 23 percent were not confident.[58]

[54] Letter from HMRC to the Public Accounts Committee, 26 June 2025, *https://committees.parliament.uk/publications/48663/standard/pdf/*
[55] Letter from HMRC to the Public Accounts Committee, 26 June 2025, *https://committees.parliament.uk/publications/48663/standard/pdf/*
[56] TaxWatch, *State of Tax Administration 2025*, p. 28, Figure 22, *https://www.taxwatchuk.org/state-of-tax-administration-2025/*
[57] TaxWatch, *State of Tax Administration 2025*, p. 30, *https://www.taxwatchuk.org/state-of-tax-administration-2025/*
[58] HMRC, *Executive Summary: Research to review the effectiveness of the current offshore penalties regime,* 17 July 2025, *https://www.gov.uk/government/publications/offshore-penalties-regime-research/executive-summary-research-to-review-the-effectiveness-of-the-current-offshore-penalties-regime#population-characteristics*

Conclusion

Limited compliance success from UK taxpayers' undeclared offshore income – even in accounts held openly in taxpayers' names, and automatically notified to HMRC - is a revenue problem, but also a missed opportunity for combating other forms of economic crime that exploit offshore financial secrecy. Bribery, money-laundering, illegal trade, all rely upon concealing payments, income and financial assets, and almost always therefore implicating tax evasion alongside other criminal activity, often via undeclared financial accounts.

Tax authorities are unique in automatically receiving bulk information about the existence and location of their citizens' and residents' offshore financial assets. This resource is often the envy of other financial and economic crime enforcement agencies. While restrictions in tax information-exchange agreements may limit the ability of tax authorities to share this information with other enforcement agencies,[59] tackling the tax evasion can, like the prosecution of Al Capone, itself be a tool against underlying criminality from which some undeclared income derives.

Learning lessons about using CRS disclosures effectively is also needed to ensure that other, newer information-exchange systems do not go to waste. A CRS-type system for crypto-exchanges to notify other countries about their taxpayers' crypto-assets has just begun its first information exchanges in 2026.[60] A similar system for automatic cross-border information exchange about land and property is in preparation, expected to begin in 2030.[61] And CRS data itself is becoming more extensive, incorporating e-money accounts from 2026, for example.[62] Using this widening torrent of offshore data effectively will require better compliance and enforcement capacity, and also fixing inadequacies of the data itself that diminishes its useability.

Finally, gauging success requires transparency about the estimated scale of the problem. HMRC's new 400 strong Wealthy Offshore unit, for example, is expected to bring in an additional £500 million in annual revenues by 2030.[63] Half a billion pounds sounds impressive, but against

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[59] OECD Global Forum on Transparency and Exchange of Information for Tax Purposes, *Facilitating the Use of Tax-Treaty-Exchanged Information for Non-Tax Purposes: A Contribution to a Whole-of-Government Approach to Tackling Illicit Financial Flows* (July 2023), https://www.oecd.org/content/dam/oecd/en/publications/reports/2023/07/facilitating-the-use-of-treaty-exchanged-tax-information-for-non-tax-purposes_56b8f28c/3172838e-en.pdf

[60] HMRC, *Implementation of the Cryptoasset Reporting Framework (CARF),* 25 June 2025, https://www.gov.uk/government/publications/cryptoasset-reporting-framework/implementation-of-the-cryptoasset-reporting-framework-carf

[61] HM Treasury, *Collective engagement to exchange readily available information on immovable property*, 4 December 2025, https://www.gov.uk/government/publications/joint-statement-for-the-automatic-exchange-of-information-on-immovable-property/collective-engagement-to-exchange-readily-available-information-on-immovable-property

[62] OECD, *Consolidated text of the Common Reporting Standard (2025)*, https://www.oecd.org/en/publications/2025/04/consolidated-text-of-the-common-reporting-standard-2025_e478bc04.html

[63] HM Treasury, *Spring Statement 2025*, p. 32, https://assets.publishing.service.gov.uk/media/67e3ec2df356a2dc0e39b488/E03274109_HMT_Spring_Statement_Mar_25_Web_Accessible_.pdf

the £1 trillion of offshore account balances we disclose in this report, it could be an extremely underpowered target. Publishing HMRC's estimate of the offshore tax gap is overdue, and essential for gauging the adequacy of offshore compliance and enforcement activities.

Annex 1: CRS data obtained from HMRC via FOI

	2022	2023	2024
Total number of reported accounts	9,977,853	11,117,416	11,705,392
..individual	9,567,395	10,682,027	11,265,573
..CRS101	209,035	240,454	240,390
..CRS102	117,919	133,014	135,161
..CRS103	83,504	61,921	64,268
Total number of reported accounts (tax havens)	2,137,444	2,327,007	2,412,015
..individual	1,962,093	2,124,862	2,216,972
..CRS101	124,672	143,156	140,209
..CRS102	24,112	29,132	27,539
..CRS103	26,567	29,857	27,295
Total reported account balances (£)	1,208,000,000,000	1,418,135,068,254.28	1,521,987,293,437.55
..individual	759,000,000,000	864,544,664,428.31	841,443,732,631.13
..CRS101	282,000,000,000	329,551,885,561.74	380,089,441,658.36
..CRS102	102,000,000,000	140,476,639,388.75	165,129,098,529.28
..CRS103	65,000,000,000	83,561,878,875.48	135,325,020,618.78
Total reported account balances (tax havens) (£)	943,000,000,000	998,548,254,422.10	1,031,688,749,568.26
..individual	638,000,000,000	638,799,340,809.90	680,719,863,227.68
..CRS101	230,000,000,000	263,519,845,766.36	256,880,958,672.79
..CRS102	41,000,000,000	49,393,047,614.01	51,937,863,411.07
..CRS103	34,000,000,000	46,836,020,231.83	42,150,064,256.72
% of accounts with no identifier	26%	24%	21%
% of accounts with no identifier (tax havens)	21%	20%	18%

Sources: 2022: FOI to Skatteforsk (see footnote 8); 2023-24: FOI to TaxWatch. For 2016-19 figures (without the entity breakdown, and using a slightly different list of tax havens, see https://taxpolicy.org.uk/2022/05/27/crs-evasion/