

ATA

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Strategies for Managing the Shadow Economy

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- ❑ 2017 Study – The Hidden Economy in Great Britain
- ❑ Face to face – Office for National Statistics
- ❑ Telephone survey – NatCen Social Research
- ❑ About 10,000 respondents

- ❑ Any undeclared economic activity
- ❑ 4.9% of population but only 2.6% liable to pay tax
- ❑ 2017/18 estimate £3bn – of £35bn tax gap (which itself is 5.6% of taxes due)

- Ghosts – totally unknown
- Moonlighters – another undisclosed income source
- Failure to register for UK VAT

- Large population – mainly small amounts
- Income irregular, temporary or one-off
- Below the tax threshold or so small ‘not worth declaring’
- Just starting – will declare later
- Deliberate evasion (can’t afford to pay – just don’t want to)

- Communication, Education and Support
 - Online Registration
 - Free business support service – e learning, online seminars
- Campaigns
 - Employers – staff newsletters, payslip notices
 - Let property – help landlords
- Making compliance easier perhaps linked to incentive to self-correct

- Conditionality
 - Tax conditions to other forms of regulation
 - Announced last year, considering licence renewal in taxi, waste and scrap metal sectors
- Third party data
 - Merchant acquirers
 - Online intermediaries
 - Online market places etc.

- Developing new risking techniques
 - For example match HMRC data with UK's national mapping agency
- All combine to produce a 'layered' approach
 - Communications and publicity
 - Encourage self-correction
 - Light touch for low risk, face to face interventions for high or complex risk

THANK YOU