



REPORT

Collecting the right tax from wealthy individuals

HM Revenue & Customs

Key facts

£119bn

personal taxes paid by wealthy individuals in 2023-24, 25% of all personal taxes

£350mn

HM Revenue & Customs' (HMRC's) estimated spend on managing tax compliance for wealthy individuals, 2023-24

£5.2bn

HMRC's estimate of compliance yield (tax revenue collected or protected that would otherwise be lost to the Exchequer) from wealthy individuals in 2023-24, up from £2.2 billion in 2019-20

850,000

wealthy individuals in the UK, 2023-24 (2% of individual taxpayers), defined as those earning more than £200,000 or with assets over £2 million in any of the last three years

£34 billion

Income Tax liabilities in 2023-24 for the 29,000 wealthy individuals with incomes above £1 million

£300 million

HMRC's estimate of the tax lost from undeclared foreign income by UK individual taxpayers in 2018-19, based on accounts in the countries that automatically exchanged account information with the UK for 2017 and 2018

£849 billion

total amount held in offshore accounts by UK residents at the end of 2019, limited to those 93 tax jurisdictions that automatically exchanged account information with the UK under the Common Reporting Standard in relation to that year

£1.9 billion

HMRC's estimate of tax revenue lost from the wealthy population in 2022-23, the latest data available

73%

proportion of wealthy individuals represented by a tax agent

25

wealthy individuals prosecuted as a result of HMRC's criminal investigations in 2023-24

Summary

Introduction

1 HM Revenue & Customs (HMRC) defines wealthy individuals as those earning more than £200,000 a year, or with assets over £2 million, in any of the last three years. In 2023-24, HMRC identified approximately 850,000 individuals as wealthy, around 2% of individual UK taxpayers.

2 Wealthy individuals often have complicated tax affairs covering multiple taxes. They often have a wide spread of tax liabilities on both their income (in the form of Income Tax and National Insurance) and assets (in the form of Capital Gains Tax, Inheritance Tax and stamp duties). Wealthy individuals may adopt complex and sophisticated tax planning to reduce these liabilities. The complexity of their tax affairs may increase the potential for non-compliant behaviour, either deliberately in the form of tax avoidance or evasion, or mistakenly, by applying tax rules incorrectly. HMRC therefore treats wealthy individuals separately from other individual taxpayers.

3 HMRC's work to engage with wealthy individuals to ensure they comply with the tax rules, and then to follow up and investigate risks, is led by the 'wealthy team' within HMRC's Customer Compliance Group, consisting of around 910 full-time equivalent staff. The wealthy team examines most personal taxes paid by wealthy individuals. A separate assets team examines what taxpayers pay in Inheritance Tax. Other teams within HMRC are involved in analysing data on wealthy individuals and undertake compliance activity on key issues such as offshore tax compliance. HMRC estimates its compliance activities with wealthy individuals cost £350 million in 2023-24.

4 We last examined in detail HMRC's work with wealthy individuals in 2016 when we looked at its approach to collecting tax from high net worth individuals, defined as those with assets of £10 million or more. The new government has highlighted tackling tax avoidance and evasion and increasing tax revenues by improving compliance, particularly from wealth held offshore, as priorities for action. In the Autumn 2024 Budget the government confirmed its ambition to close the tax gap, and the scaling up of compliance activity to tackle serious offshore non-compliance, including fraud by wealthy customers and intermediaries. In the Spring 2025 Statement the government committed further funding and new measures to tackle serious non-compliance, particularly wealthy offshore non-compliance.

Scope of this report

5 This report examines the extent to which HMRC is well placed to support wealthy individuals to pay the right tax and intervene in good time if people get things wrong. It covers:

- the amount of tax paid by wealthy individuals (Part One);
- HMRC's understanding of the risk of non-compliance among wealthy individuals (Part Two); and
- HMRC's work to tackle non-compliance among wealthy individuals (Part Three).

6 We designed our work to set out the profile of wealthy individuals as well as HMRC's work to ensure that this group complies with the tax rules affecting it and that HMRC investigates non-compliance when required. This report does not cover HMRC's work to recover tax debts from wealthy individuals, nor the range of services that wealthy individuals use which fall under HMRC's Customer Services Group.

Key findings

The amount of tax paid by wealthy individuals

7 **Wealthy individuals paid £119 billion in personal taxes in 2023-24, or 25% of personal tax receipts.** This is an average of £140,000 in tax per wealthy individual. More than 85% of tax the wealthy pay is on earned income through Income Tax or National Insurance (£103 billion). HMRC collected a further £9 billion in Capital Gains Tax, £4 billion from Inheritance Tax and £3 billion from stamp duties (paragraphs 1.12 and 1.13, and Figures 2 and 3).

8 **The tax affairs of wealthy individuals are typically more complex than other individuals, making it more difficult for HMRC to identify the tax they owe.** Wealthy individuals often have a mix of income streams, assets and business interests, which increases both the opportunity for tax planning to reduce their tax liabilities and the potential for non-compliance. Income is typically taxed at a higher rate than capital, so tax planning often involves shifting what a taxpayer holds from income into capital (paragraphs 1.4 to 1.7).

9 HMRC no longer has a unit specifically dedicated to ensuring compliance among high net worth and the wealthiest individuals. In 2017 HMRC merged its high net worth and affluent units to create a single wealthy team, so that there was a greater consideration of the complexity of an individual's tax arrangements and opportunity for non-compliance, alongside their income and wealth. HMRC determines its compliance approach for each individual based on its assessment of risk, which HMRC considers is not always proportionate to an individual's level of wealth. HMRC said its definition of wealthy individuals created a relatively stable population and represents the point at which taxpayers consider more structured, complex tax arrangements, but this has created a much broader category than other countries. HMRC has not evaluated the impact of having a single team to deal with the whole wealthy population, nor does it look at the level of risk or the impact of its compliance activities for different wealth bands to understand whether it should take a particular focus on the wealthiest individuals (paragraphs 1.16 and 1.17).

10 The population of wealthy individuals that HMRC administers has grown from 700,000 in 2019-20 to 850,000 in 2023-24. Around 29,000 wealthy individuals had incomes of at least £1 million in 2023-24 and were liable for around £34 billion of Income Tax in total. Within this population are taxpayers with very high incomes and wealth: around 10,000 taxpayers have annual incomes of at least £2 million, and 5,000 have assets of at least £50 million. Some 2,000 taxpayers made capital gains in 2022-23 of £5 million or more, and were liable for around £6 billion of Capital Gains Tax. HMRC does not collate data on an individual's liabilities across all types of personal tax to understand the total amount of tax paid at different income or wealth bands. The complexity and mobility of the very wealthiest means they carry a heightened risk, but HMRC has no particular focus on this group (paragraphs 1.2, 1.3, 1.6, 1.13 and 1.15).

Understanding the risk of non-compliance among wealthy individuals

11 HMRC is one of few countries to publish an annual wealthy tax gap, which it estimated at £1.9 billion in 2022-23, the latest year available. This represents the difference between the amount of tax that should be paid to HMRC by wealthy individuals and what was actually paid. HMRC estimates that the wealthy tax gap has remained steady at just 0.2% of the UK's total theoretical tax liabilities since 2019-20. However, it has also stated that measuring aspects of the wealthy tax gap is inherently difficult. It is working to improve the reliability of the measure to produce sound statistics for the benefit of public discourse and scrutiny of tax compliance (paragraphs 2.2 to 2.5 and Figure 6).

12 HMRC has identified a growing risk of non-compliance among wealthy individuals. HMRC regularly assesses and quantifies the scale of its main compliance risks, and has a consistent process for identifying interventions to tackle the risks. It has identified that the net loss in tax revenue from the 19 key risks affecting wealthy individuals increased by 21% between 2020-21 and 2022-23, the latest data available. This compares with a 16% increase across all strategic risks (covering all taxpayer types). HMRC estimates that 60% of the net losses for wealthy individuals sits under three risks — inaccuracies in reporting personal income, incorrect Capital Gains Tax, and offshore non-compliance — all three of which HMRC estimates were higher in 2022-23 than in 2020-21. The profile of the wealthy team's casework does not align well to these risks. Some 58% of casework that the wealthy team closed in 2023-24 focused on just one risk: inaccuracies in reporting personal income. Offshore non-compliance accounted for less than 5% of casework. HMRC told us that other teams, such as its fraud specialists, will also have casework looking at offshore non-compliance involving wealthy individuals, but it is unable to quantify how much (paragraphs 2.6 to 2.10).

13 HMRC is working to improve its estimate of offshore non-compliance, which is a notably difficult area. HMRC published its first estimate for undeclared foreign income held in offshore accounts in 2024, with tax revenue lost valued at £300 million in 2018-19. HMRC acknowledges the limits of the coverage of the undeclared foreign income estimate, which covers UK residents' accounts held in the countries which automatically exchanged account information with the UK. HMRC's estimate largely covers non-compliance relating to individuals' offshore savings income, rather than other forms of foreign earnings, such as trading profits, dividends, and any other investment income besides interest. It does not include bank accounts held in trust or on behalf of a beneficiary, or non-financial assets such as property held directly by individuals. HMRC told the Committee of Public Accounts in March 2025 that it is difficult to assess the risk or expand its estimate. Internally, HMRC has identified a much larger amount of tax at risk from all forms of offshore non-compliance. UK residents held £849 billion in offshore accounts at the end of 2019, limited to those 93 tax jurisdictions that automatically exchanged account information with the UK under the Common Reporting Standard in relation to that year (paragraphs 2.17 and 2.20 to 2.23).

14 HMRC's assessment of strategic risks does not include explicit risks of non-compliance posed by tax agents, or the very wealthy, despite the amount of tax at stake. Nearly three-quarters (73%) of wealthy individuals are represented by a tax agent, and HMRC often has little direct contact with the taxpayer. The complex tax affairs of wealthy individuals often rely on the correct legal interpretation of how tax rules and reliefs should be applied, and agents play a key role in ensuring taxpayers file accurate returns and avoid non-compliant tax schemes. However, HMRC does not currently have the data or insights to consistently assess the impact of agents on levels of compliance. There is evidence of non-compliance among the wealthiest taxpayers, and the size of some of HMRC's extremely high-value cases have the potential on their own to change its assessment of the scale of the wealthy tax gap. HMRC faces inherent challenges in the quality and coverage of the data it collects from taxpayers and its ability to compare these with data on offshore accounts and assets, which raises the level of risk to revenue. HMRC's assessment of risk determines how closely it works with taxpayers to get their tax right. Around half of the top taxpayers currently have a HMRC customer compliance manager who closely monitors and engages them over their tax affairs (paragraphs 1.11, 2.11 to 2.18, 3.8 and 3.16, and Figure 7).

HMRC's work to tackle non-compliance

15 HMRC reports that the additional revenue it has secured from wealthy individuals has more than doubled, from £2.2 billion in 2019-20 to £5.2 billion in 2023-24. Compliance yield is a measure of the tax revenue that HMRC has collected or protected that would otherwise have been lost to the Exchequer. The wealthy team leads HMRC's compliance work for wealthy individuals, but only accounts for a minority of the total yield HMRC achieved from this customer group. The remainder is generated by other areas of HMRC. The wealthy team achieved £1.5 billion of yield, nearly twice the level it expected at the start of the year. Of this, 46% (up from 6% in 2018-19) came from upstream activities to promote or prevent non-compliance, such as legislative changes, educating advisers, and digital prompts within tax software. The team achieved higher returns from casework but conducted far fewer cases. In 2023-24, the wealthy team closed 8,807 one-to-one (downstream) investigations, down from 15,569 in 2018-19. Each case brought in £93,800 in yield on average, up from £34,100 in 2018-19, reflecting HMRC's focus on high-value cases. Some 213 cases each yielded £500,000 or more, and £626 million in total (paragraphs 3.2, 3.4, 3.10, 3.15 and 3.16, and Figures 11, 12 and 13).

16 The growth in compliance yield from wealthy individuals that HMRC has reported far exceeds its estimates of the wealthy tax gap. The annual amount of compliance yield has increased by £3 billion, which is over £1 billion more than HMRC's annual estimate of the wealthy tax gap (£1.9 billion). This raises the possibility that underlying levels of non-compliance among the wealthy population could be much greater than previously thought. Alternatively, HMRC's estimates would indicate that wealthy individuals have become much less compliant, but that HMRC has then been successful in tackling the increase in non-compliance through its compliance activity, such that the amount of non-compliance it is unable to stop has remained the same. HMRC has said it is difficult to compare trends in compliance yield with the tax gap, as they are not on a comparable basis (paragraphs 2.2, 3.2 and 3.3, and Figure 10).

17 Wealthy compliance cases take a long time to resolve, particularly when large sums are at stake. Cases may take a long time because of due process and lengthy correspondence with taxpayers and their agents to get the information that HMRC needs, the need to engage internal technical and legal experts within HMRC on complex cases, and the time it takes for cases to progress through the courts and tribunals system. The average time it took HMRC to close a case increased each year between 2018-19 and 2022-23 to a peak of 20 months, before falling to 14 months in 2023-24. For investigations yielding more than £100,000, the average duration in 2023-24 was 40 months, up from 27 months in 2021-22. We saw examples of compliance work that the wealthy team could not take forward, as enquiry deadlines had passed due to ineffective resource management and limited time for further review. Some tax agents told us that their wealthy clients value certainty around the amount of tax they need to pay, and the uncertainty of prolonged investigations can affect their view of where to be resident for tax purposes (paragraphs 3.13, 3.19, 3.20 and 3.22, and Figure 14).

18 Wealthy taxpayers have faced fewer penalties in recent years, and criminal prosecutions of wealthy individuals also declined, although HMRC is now increasing its use of criminal investigations. In 2023-24, HMRC issued 456 penalties to wealthy individuals (representing 5% of the cases the wealthy team closed), totalling £5.8 million. This is down from 2,153 penalties (14% of cases closed), totalling £16.2 million in 2018-19. HMRC's Fraud Investigation Service opened 45 civil investigations into wealthy individuals in 2023-24 and closed 34. The number of wealthy individuals prosecuted following HMRC's criminal investigations reduced significantly from 30 in 2019-20 to five in 2021-22 but has since increased to 25 in 2023-24. Most of HMRC's work to tackle tax fraud makes use of its civil powers, and it reserves criminal investigations for where it needs to send a strong deterrent message or where only a criminal sanction is appropriate. HMRC's policy has reduced the overall number of prosecutions in order to focus on high-value, high-harm fraud, while also facing delays in the criminal justice system as a result of the COVID-19 pandemic. HMRC does not fully understand the deterrent effect of prosecutions but is undertaking analysis to improve its understanding. In March 2025 the government set HMRC the aim to increase the number of individuals charged with criminal offences by 20% by 2029-30, including for tax evasion by the wealthy (paragraphs 3.17 and 3.21).

19 HMRC has set out only a limited strategy to tackle wealthy non-compliance, but it has recognised it needs to increase the attention it gives to this group. HMRC has set out some strategic ambitions it wants to achieve, such as collecting more information from complex wealthy individuals and understanding better the links between individuals' personal wealth and their connected entities. It has not committed to timescales for achieving these ambitions. HMRC has secured funding to recruit 5,500 extra compliance staff over the next five years but does not yet have a clear plan for ensuring the wealthy team gets the skilled staff it needs. It has developed a range of approaches to tackle non-compliance, including accelerated response programmes to tackle high-value or slow-progressing cases, but is yet to assess their impact or how it can apply learning to other casework. It leads work internationally to exchange data on wealthy individuals and looks to other countries for ideas on how to close data gaps. It has committed to focus more on wealthy individuals, and is considering how to design a cross-organisational approach to tackle the risks they pose. In March 2025 it announced it would be actively recruiting experts in private-sector wealth management and expects to use artificial intelligence and advanced analytics to identify individuals trying to hide their wealth (paragraphs 2.14, 2.18, 3.9 and 3.23 to 3.26).

Conclusion

20 Wealthy people contribute significant amounts of tax revenue to the Exchequer, but the complexity of their affairs makes it more difficult to get their taxes right and presents more opportunities to deliberately not pay enough. HMRC has responded to this by becoming one of the few countries to publish annual estimates of the tax gap for wealthy individuals, which HMRC estimates to have been stable and low. HMRC deserves credit for increasing the amount of compliance yield. Its move towards more upstream casework has been an important innovation and has resulted in improved returns. While it is difficult to make precise comparisons between compliance yield and the tax gap, the scale of the increase in compliance yield from the wealthy raises questions about whether underlying levels of wealthy non-compliance are higher than HMRC previously thought. There is too much uncertainty around the tax gap estimate for this group, notably for offshore wealth, to be confident that non-compliance is not far higher than HMRC has detected. HMRC is working to improve its estimate of the wealthy tax gap.

21 HMRC has recognised it needs to give the risk posed by wealthy individuals much greater prominence. Its work to tackle wealthy non-compliance is dispersed across different parts of HMRC, and it should ensure it has a comprehensive and ambitious strategy to tackle non-compliance among the wealthiest individuals. It should also provide sufficient transparency to give greater confidence to the wider taxpayer base that all taxpayers contribute their fair share. Higher-value cases take far longer than they used to, and the number of penalties has declined. HMRC is now aiming to enable more prosecutions of individuals, including the wealthy, for evading taxes. HMRC is also seeking to address the efficiency and effectiveness of its casework. In turn, this should provide more timely understanding of the risks and help HMRC to better understand how effectively it assesses and mitigates non-compliance.

Recommendations

- a** HMRC should develop a clear strategic vision and plan for its work tackling wealthy non-compliance, particularly to help meet the organisation's broader mission to reduce the size of the tax gap. This strategy should provide structure to its efforts across the organisation, with clearly articulated objectives, timescales and success factors.
- b** HMRC should keep its definition of the wealthy population under review as the base continues to grow. This should include considering whether greater segmentation of wealthy taxpayers, such as by different wealth bands, would help it to better understand risk and target resources to achieve better compliance outcomes.

- c** HMRC should assess the impact of its customer compliance manager model and the accelerated schemes that bring together a range of specialisms to tackle its most complex wealthy cases. It should assess what combination of interventions are most effective for the different customer segments within the wealthy group, whether these interventions should be used more, less or in different ways, and the level of resources required to maximise value for money.
- d** HMRC needs to take a more dynamic approach to understanding risk, both for wealthy individuals and more widely across connected customer groups. It should consider whether its assessment of risk should include explicit risks of non-compliance by the very wealthy.
- e** HMRC needs to improve the information it collects, organises and uses on agents to regularly and consistently assess the risks in the agent population. HMRC should improve its understanding of how tax professionals influence compliance, in a positive and negative way, and build that insight into its understanding of risk and compliance responses.
- f** HMRC should consider how it can provide the public with greater transparency about the amount of tax that wealthy individuals pay, and the contributions of the different segments within it – such as for customers in different wealth bands. It should continue to improve its assessment of the offshore tax gap.
- g** HMRC needs to make the most of the relationships it has built up with other tax authorities. It should learn from other countries by comparing approaches to compliance work, including the types of information collected and analysis carried out, to both close off data gaps and ensure accessibility of datasets and research. HMRC already provides much leadership internationally and should seek to further reduce gaps in data and intelligence, including data on income from non-financial assets, and to address the challenges and complexities associated with internationally mobile taxpayers.
- h** HMRC should assess the skills and capabilities it needs to ensure wealthy tax compliance in the future. Given the complexity and range of affairs HMRC needs to deal with, it should consider external recruitment of people with sufficient experience of wealthy tax affairs and expertise in international arrangements.