National Audit Office

HM Revenue & Customs 2025-26

November 2026



OVERVIEW

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Summary

C&AG introduction

In 2025, we set out our new five-year strategy. In delivering our statutory responsibilities, we aim to maximise our contribution to two outcomes – more productive and resilient public services and better financial management and reporting in government.

Our overviews summarise the key information and insights from our examinations of departments and from their annual report and accounts, and explore departments' progress against these crucial outcomes, highlighting positive examples and opportunities to improve.

If you would like more information about our work, or to arrange a briefing with me or one of my teams, please contact our Parliamentary Relations team at parliament@nao.org.uk.

Financial management and reporting	
Tax revenue	£966.4 billion collected in 2025-26 – the highest on record and £90.4 billion (10.3%) more than in 2024-25.
Tax debt	£43.8 billion, or 4.7% of tax receipts, as at 31 March 2026 – up in cash terms, but down as a percentage of receipts compared with 31 March 2025 (£42.8 billion, 5.0% of receipts).
Departmental spending	£7.4 billion in 2025-26, £0.8 billion more than in 2024-25. This excludes HM Revenue & Customs' (HMRC's) spending on benefits and reliefs schemes.
Fraud and error	The Comptroller and Auditor General (C&AG) once again issued a qualified audit opinion on HMRC's accounts due to material levels of fraud and error in Corporation Tax research and development reliefs (£475 million estimated in 2025-26), and Child Benefit expenditure (£270 million).
Productivity	
Efficiency targets	HMRC has a target to deliver gross efficiencies of £886 million by 2028-29, about 15.0% of its planned spending. This is a larger percentage than any other department.
Efficiency savings in 2025-26	For 2025-26, HMRC reported gross efficiencies of £137 million against its target of £134 million, including £63 million from IT efficiencies.
Workforce	To help close the tax gap, HMRC has carried out significant recruitment, including more than 1,600 new compliance staff in 2025-26. HMRC knows that productivity can dip temporarily when new staff are brought in.
Risk and resilience	
Reform and modernisation	HMRC's *Transformation Roadmap* sets out its plans to improve customer experience, close the tax gap, and reform and modernise tax and customs administration. It outlines changes to HMRC's operational services, technology, data, workforce and ways of working, alongside its longer-term ambition for a more integrated tax and customs system.
Technical resilience	HMRC's technical health maturity score assesses the overall condition and resilience of its technology systems and infrastructure. In 2025-26, HMRC rated this as 3.3 out of 5 (3.3 in 2024-25), with a target score of 4 by 2030.
2025-26 activities	HMRC's modernisation activities in 2025-26 included replacing the 50-year-old VAT mainframe system and rolling out the next phase of its Making Tax Digital (MTD) programme to sole traders and landlords with annual incomes over £50,000, who now have to maintain digital records and submit quarterly updates to HMRC.

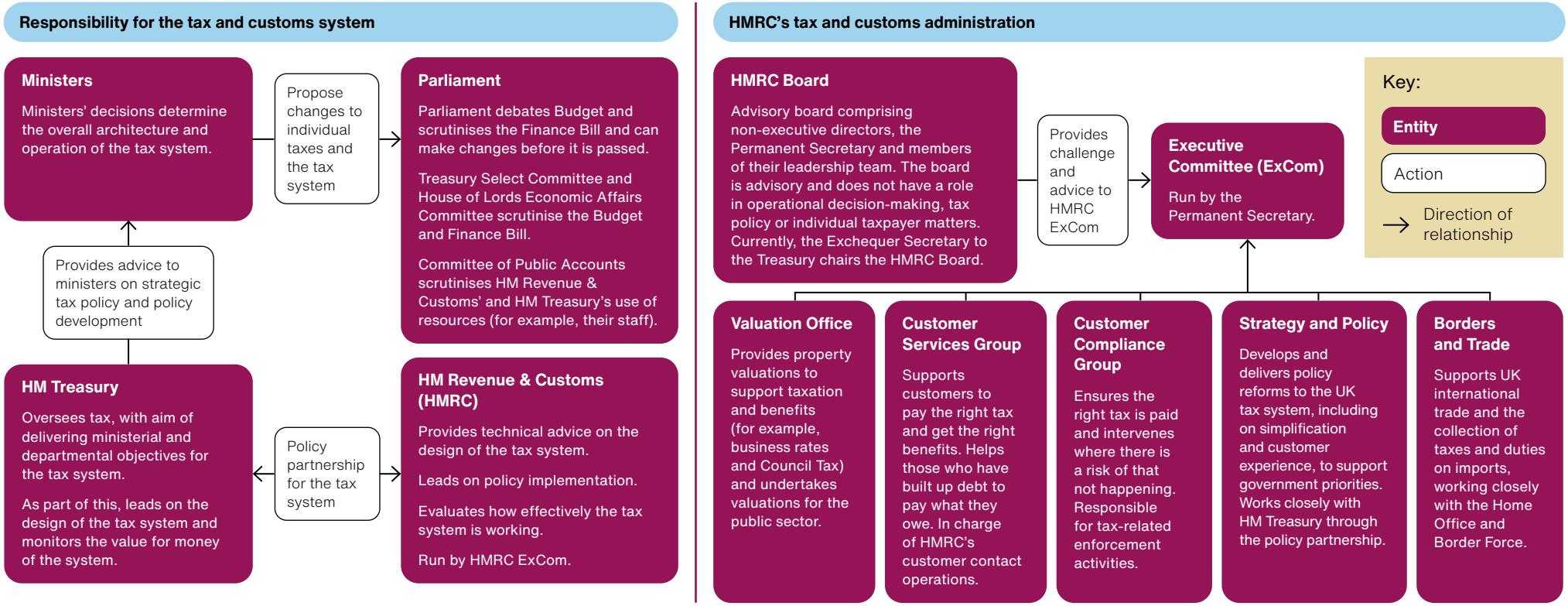
How HMRC is structured

HM Treasury oversees tax and customs policy to deliver ministerial objectives and works with HMRC in a policy partnership covering the tax and customs system as a whole. It also sets HMRC's budget and objectives and, through the Financial Secretary, oversees HMRC (**Figure 1**).

Figure 1

The design and administration of the tax and customs system

HMRC comprises five core customer groups, including the Valuation Office, which was integrated into HMRC on 1 April 2026



Notes

1 HMRC commissioners run the tax and customs system under the general direction of ministers, who set the department's budgets, targets and priorities, agree its operational strategies and oversee its performance.

2 Responsibility for the property tax system also includes the Ministry of Housing, Communities & Local Government (MHCLG) and local authorities, which are not shown.

Source: National Audit Office analysis of HM Revenue & Customs, *Annual Report and Accounts 2025 to 2026*

HMRC's objectives, performance and key risks

Purpose, vision and objectives

HMRC is the UK's tax, payments and customs authority. Its purpose is to collect the money that pays for the UK's public services, give financial support to people and provide the property valuations that support taxation and benefits.

HMRC's vision is to be a trusted, modern tax and customs department that delivers in line with its values (being professional, acting with integrity, showing respect and being innovative). It has identified five strategic objectives integral to achieving its aims. HMRC's latest annual report and accounts reports on its progress and performance against these objectives (**Figure 2**).

Managing key risks

As of March 2026, HMRC assessed three of its eight key risks to achieving its objectives as 'red': security, digital & technology, and data. This is a significant change from 2024-25, where HMRC identified six of its 10 key risks as 'red'.

In its annual report commentary, HMRC was positive about its progress in managing data and security risks by strengthening key data and security controls, heavily investing in modernising its IT infrastructure and improving its overall resilience.

Risks relating to customer experience and people & workplace were identified as 'red' risks in 2024-25, with HMRC changing both to 'amber' in the 2025-26 accounts. HMRC noted that, to improve customer experiences, it had improved telephone and post service turnaround times through investment in front-line services and upgraded digital applications.

HMRC notes it has lowered workforce-related risks by strengthening its workforce planning and deployment, progressing skills programmes, and improving stability and staff engagement.

Figure 2

HM Revenue & Customs' (HMRC's) performance against its strategic objectives in 2025-26

HMRC reports its performance against five strategic objectives

Strategic objective	HMRC's priorities	HMRC's performance
1 Close the tax gap	To prevent non-compliance, promote good compliance, and increase the likelihood of customers getting their tax return right before submission.	Over 1,600 new compliance officers joined HMRC in 2025-26. Compliance work secured an estimated £50.2 billion of tax revenue (2024-25: £48.0 billion).
2 Improve day-to-day performance and overall customer experience	To expand and improve online services and help as many customers as possible to interact with HMRC digitally, freeing up advisers to help people who need extra support. HMRC is also aiming to improve its guidance and the performance of its helplines and customer correspondence.	85.1% of adviser attempts handled (2024-25: 71.5%). Average call wait time was 12:35 minutes (2024-25: 18:38 minutes). 78% of customer interactions were made digitally (2024-25: 76.2%).
3 Reform and modernisation of tax and customs administration	More resilient IT systems and advancements in technology that modernise and make HMRC more productive, agile and efficient.	97mn unique records in the new Central Customer Registry. £10bn tax protected and recovered through the use of artifical intelligence (AI) and analytics.
4 Build a high-performing organisation, with a skilled and engaged workforce	To build skills across its workforce and create a continuous learning culture that ensures it has the capability it needs.	Employee engagement score of 60% (2024-25: 56%). 47,000 staff have completed an AI learning module.
5 Support wider government economic aims through HMRC's work	To support the government's wider economic aims, for example through its work with other government departments, agencies and wider industry to support trade at the borders. It aims to improve the stability and resilience of systems and improve services and simplify processes to ease the burden on customers.	New customs arrangements for goods moving from Great Britain to Northern Ireland via parcels and freight under the Windsor Framework were fully implemented from 1 May 2025.

Source: National Audit Office analysis of HM Revenue & Customs, *Annual Report and Accounts 2025 to 2026*

HMRC's spending

HMRC's running costs

In 2025-26, HMRC employed on average 67,886 full-time equivalent staff, costing £4 billion. IT and telecoms was the second largest area of spend, costing £1.34 billion (**Figure 3**). Total staff costs increased by 13.3% (from £3.54 billion in 2024-25), while HMRC staff numbers increased by 4.7% (from 64,868). The relatively larger increase in staff costs compared with numbers is reflective of increases in staff salaries and national insurance costs, and changes in HMRC's staffing profile. For example, in 2025-26, HMRC recruited 1,824 tax specialists as part of its work to close the tax gap.

Benefits and payments

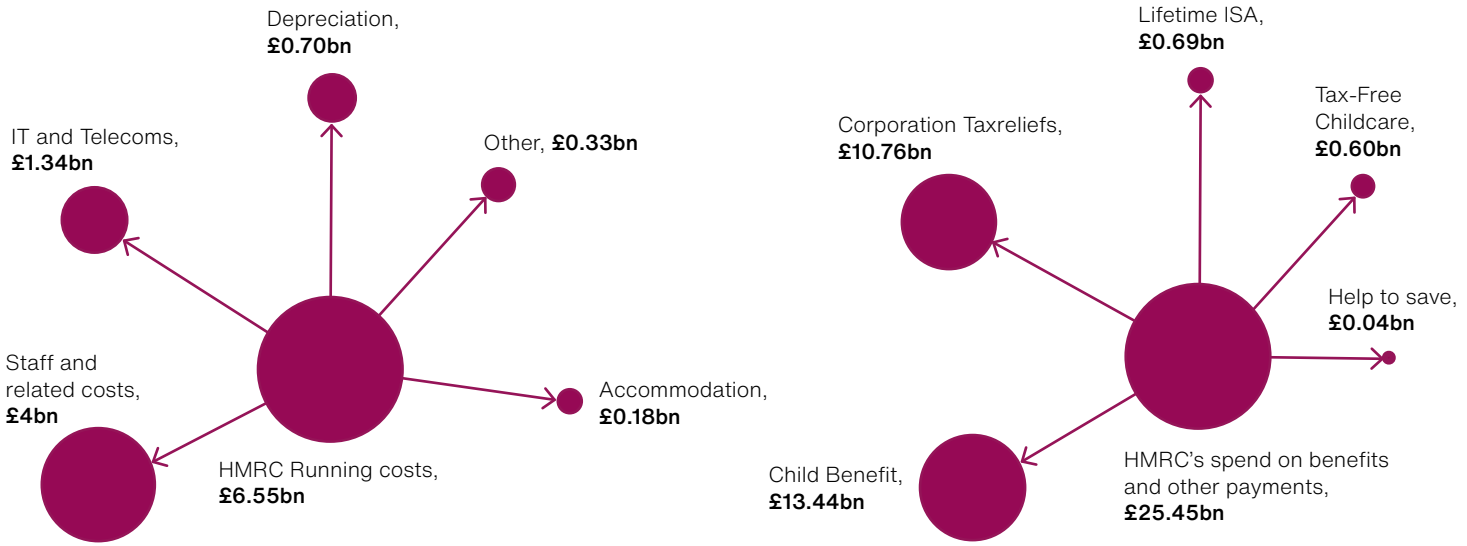
In addition to collecting taxes, HMRC administers some benefits and payments through the tax system. In 2025-26, HMRC made payments totalling £25.45 billion in selected benefits and other payments. The main benefit was Child Benefit (£13.44 billion).

The other significant area of payments was expenditure on Corporation Tax reliefs, which totalled £10.76 billion in 2025-26. The largest component of this was research and development (R&D) reliefs (£8.02 billion), with most of the remainder related to reliefs for the creative industries (£2.64 billion).

Figure 3

HM Revenue & Customs' (HMRC's) expenditure on running costs and selected benefits and payments in 2025-26

In 2025-26, HMRC spent £6.55 billion on running costs and £25.45 billion on selected benefits and other payments



Notes

1 HMRC's running costs include £241 million net Valuation Office Agency expenditure (£304 million gross expenditure, £63 million income).

2 Spending in this chart excludes investment or capital expenditure, such as asset purchases, and balances related to Cost of Living and COVID-19 support.

3 Figures may not sum due to rounding.

Source: National Audit Office analysis of HM Revenue & Customs *Annual Report and Accounts 2025 to 2026*

Spending patterns in HMRC

HMRC's departmental expenditure increased to £7.43 billion in 2025-26 (£6.56 billion in 2024-25), reflecting higher spend on modernising its IT infrastructure, as well as increasing the resilience of its IT systems (**Figure 4**).[1] (This analysis excludes the costs of providing benefits and reliefs schemes, which can vary significantly year on year and are budgeted for separately.)

Core operations spending covers day-to-day activities such as staff salaries, customer services, administration and compliance activity. In 2025-26, core spending increased by 25.5% to £5.55 billion (£4.42 billion in 2024-25), in part reflecting HMRC's recruitment of additional staff for its work to reduce the tax gap.

Climate-related risks

HMRC does not consider climate a principal or strategic risk based on its assessment that climate-related risks do not impact HMRC's ability to deliver its strategic objectives. HMRC notes that it continues to report in line with HM Treasury's TCFD (Task Force on Climate-related Financial Disclosures) guidance and its annual report includes disclosures relating to governance, risk management and metrics and targets.

HMRC plans to benchmark its climate risk management processes against other public sector organisations in 2026-27 to ensure its approach is effective and proportionate.

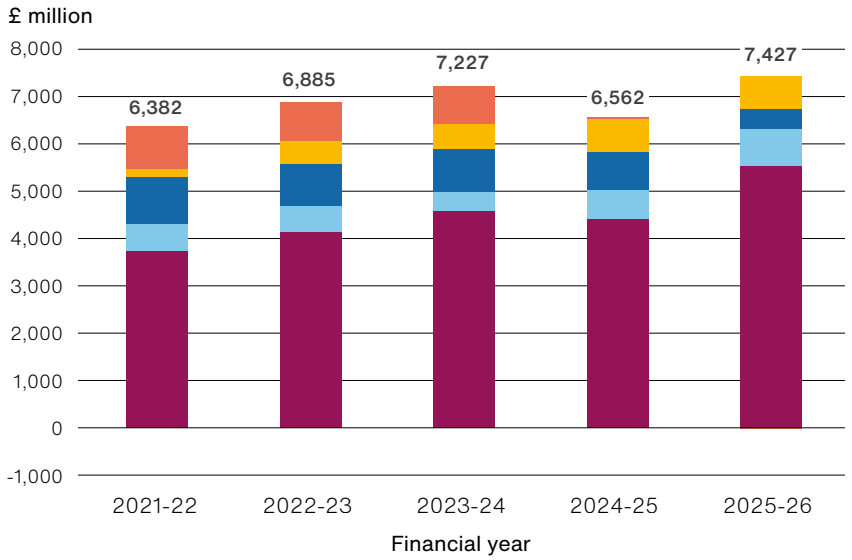
1 This sum includes investment and capital expenditure, which is excluded from the analysis at Figure 3.

Figure 4

HM Revenue & Custom's (HMRC's) departmental spending, 2021-22 to 2025-26

HMRC's spending has increased by 13.2% in 2025-26 compared with 2024-25





	2021-22	2022-23	2023-24	2024-25	2025-26
Core operations	3,753	4,143	4,580	4,424	5,550
IT transformation and modernisation	568	539	413	603	770
Customs	988	906	907	814	412
Depreciation	174	478	533	695	696
Delivering COVID-19 and Cost of Living support	899	820	793	26	-2
Total	**6,382**	**6,885**	**7,227**	**6,562**	**7,427**

Notes

1 Total spending in this chart includes investment or capital expenditure (£876 million), such as asset purchases, in addition to the spending on running costs (£6.55 billion) shown in Figure 3. It excludes HMRC's spending on benefits and reliefs, as shown in Figure 3.

2 Figures may not sum due to rounding.

3 Values are in nominal terms to maintain consistency with HMRC's Annual Report and Accounts.

4 For 2025-26, the figure for COVID-19 and Cost of Living support is negative reflecting recovery or reimbursements exceeding the running costs of the schemes as they wind down. Remaining work is now included in day-to-day activities.

Source: National Audit Office analysis of HM Revenue & Customs, *Annual Report and Accounts 2025 to 2026*

Tax revenue

In 2025-26, HMRC reported £966.4 billion in revenue, up 10.3% on 2024-25 and the highest on record for the fifth consecutive year (Figure 5 on page 9).

Total Income Tax for 2025-26 was £338.2 billion, up 9.3% (£28.8 billion) on 2024-25. This increase is partly due to 'fiscal drag', as freezing tax bands and thresholds means more people become liable to pay tax or pay at a higher rate.

Revenue from National Insurance contributions (NICs) increased by 19.8% (£33.4 billion) from 2024-25. This reflects changes from April 2025, when employers NICs increased from 13.8% to 15%, while the yearly Secondary Threshold reduced from £9,100 to £5,000.

Revenue from Capital Gains Tax showed the largest proportionate increase, rising by 82.6% (£11.4 billion) from 2024-25. The rise mainly reflects policy changes, including 2025-26 being the first full year in which the basic rate increased from 10% to 18% and the higher rate increased from 20% to 24%.

Changes from April 2028

The government plans to introduce a new High Value Council Tax Surcharge (HVCTS) for owners of residential property in England worth £2 million or more. The Valuation Office will conduct a targeted valuation exercise to identify properties in scope for the new surcharge. HMRC has said that it expects to need around 300 additional staff to administer HVCTS.

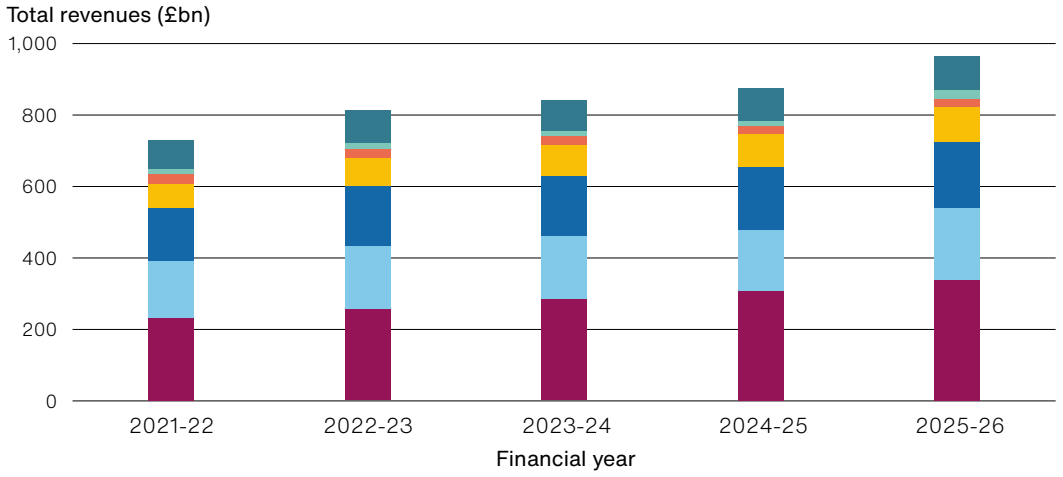
The government has also proposed a change in funding for regional government through its Fiscal Devolution Roadmap, initially replacing some central grant funding for mayors with local income tax receipts. Currently, HMRC is responsible for administering and collecting devolved income tax revenues for Scotland and Wales.



Figure 5

Total revenues reported by HM Revenue & Customs (HMRC), 2021-22 to 2025-26

In 2025-26, total revenues were 10.3% higher than in 2024-25



	2021-22	2022-23	2023-24	2024-25	2025-26
Income Tax (£bn)	233.4	258.0	286.2	309.4	338.2
National Insurance Contributions (£bn)	158.3	175.8	177.0	168.8	202.2
VAT (£bn)	148.8	166.9	165.5	178.5	186.9
Corporation Tax (£bn)	68.3	80.5	89.6	89.7	95.4
Hydrocarbons oils duty (£bn)	25.8	25.0	24.9	24.7	24.9
Capital Gains Tax (£bn)	15.8	17.0	14.3	13.8	25.2
Other (£bn)	80.7	90.8	85.9	91.1	93.6
Total revenues (£bn)	**731.1**	**814.0**	**843.4**	**876.0**	**966.4**
Change in total revenues from previous year (%)		11.3	3.6	3.9	10.3
Change in total revenues from previous year (£bn)		82.9	29.4	32.6	90.4

Notes

1 'Other' includes, for example, Stamp Taxes, Inheritance Tax, alcohol and tobacco duties, Insurance Premium Tax, student loan recoveries, environmental taxes, customs duties, and fines and penalties.

2 Values are in nominal terms to maintain consistency with HMRC's Annual Report and Accounts.

3 HMRC restated its 2024-25 revenue figures in its 2025-26 accounts due to a change in accounting policy for Corporation Tax reliefs. The effect of this restatement was to increase Corporation Tax revenues by £0.1 billion compared with the revenues reported in its 2024-25 accounts. This restatement will, in theory, also affect previous years, but HMRC has not restated these figures in its accounts.

Source: National Audit Office analysis of HM Revenue & Customs, *Annual Report and Accounts 2025 to 2026*

Tax debt and losses

HMRC defines tax debt as the amount of tax that is overdue for payment, legally enforceable, and collectable. At 31 March 2026, the tax debt balance equated to 4.7% of total tax receipts (£43.8 billion, down from 5.0% at 31 March 2025 (£42.8 billion) (**Figure 6**). In 2020-21, during the pandemic, when HMRC suspended most debt collection activity, tax debt peaked at 9.3% of tax receipts. At March 2026, around 45% of the tax debt balance by value was aged over a year, compared with 25% at March 2020.

In 2025-26, HMRC identified revenue losses – reflecting debts that will not be recovered – of £12.8 billion (1.4% of total tax receipts), an increase from £7.2 billion (0.8%) in 2024-25. These losses are mainly driven by individual and corporate insolvencies.

HMRC's tax debt strategy aims to reduce tax debt year on year as a percentage of receipts. Following a strategy update in November 2025, HMRC has focused on preventing tax debt and dealing with debtors who do not engage with them. For example, it increased its use of debt collection agencies to collect older debts, and in June 2026 it consulted on proposals to require Income Tax Self Assessment taxpayers to pay more in-year.

Insight: management of tax debt

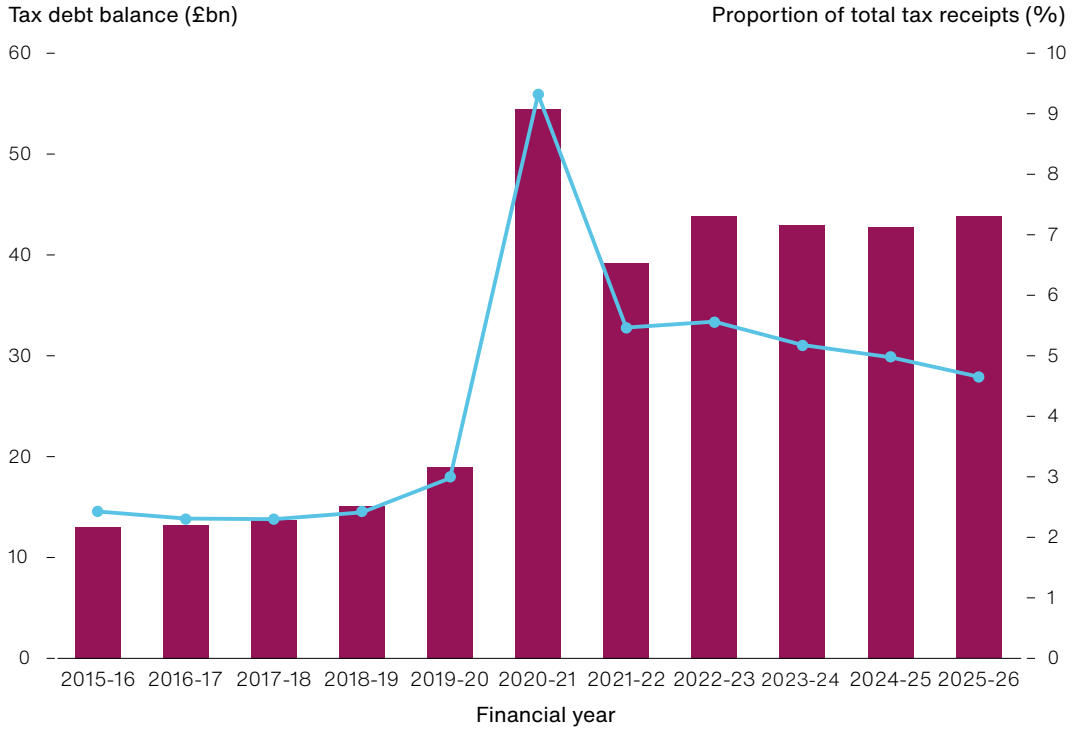
Our October 2026 report concluded that HMRC should be credited with success in reducing tax debt as a proportion of receipts. This was driven by a 20% increase in staff between 2023-24 and 2025-26, and HMRC's use of credit reference data to target its approaches. HMRC expects the tax debt proportion to continue reducing to between 2.9% and 4.2% by 2029-30, still above pre-pandemic levels.

HMRC gets a good return on its investment into debt management – collecting £350 of debts for every £1 spent on staff in 2025-26 – but additional staff have brought diminishing returns as they deal with lower-value and harder-to-reach debts. We highlight that HMRC must exploit opportunities to extract more productivity, for example through the new case management system it is implementing.

Figure 6

Tax debt balance, 2015-16 to 2025-26

The tax debt has decreased as a proportion of tax receipts in each financial year since 2022-23, but remains higher than pre-pandemic levels



	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
Tax debt balance (£bn)	13.0	13.2	13.7	15.1	19.0	54.5	39.2	43.9	43.0	42.8	43.8
Tax debt balance as a proportion of total tax receipts (%)	2.4	2.3	2.3	2.4	3.0	9.3	5.5	5.6	5.2	5.0	4.7

Notes

1 Data are as at the end of each financial year.

2 HM Revenue & Customs (HMRC) defines tax debt as the amount of tax that is overdue for payment, legally enforceable and collectable.

3 Values are in nominal terms to maintain consistency with HMRC's Annual Report and Accounts.

Source: National Audit Office analysis of HM Revenue & Customs data

Fraud and error

Fraud and error is a risk facing the whole of government, with billions of pounds of public money lost through fraud and error each year.

Insight: use of data analytics to tackle fraud and error

Our July 2025 report found that the use of data analytics to tackle fraud and error can achieve significant returns on investment, but to date the savings have been relatively modest, with a lack of concrete plans or coordinated action across government.

The report identified HMRC as an example of a government department using well-established data analytics tools to tackle fraud and error for some years. Much of its work involves data matching, network analysis, detecting anomalies and predictive modelling to check that details provided match other data sources.

In July 2026, the COVID Counter-Fraud Commissioner found that HMRC's data analytics and fraud measurement capabilities provide a strong foundation for identifying, preventing and recovering fraud, with potential for further returns from continued investment.

Where fraud and error results in HMRC overpaying or underpaying reliefs to claimants who are either not entitled to these reliefs or are not paid the correct amount, such transactions do not conform with Parliament's intention and are irregular.

In 2025-26, the C&AG qualified his opinion on the regularity of HMRC's accounts due to the material level of fraud and error both in Corporation Tax research and development (R&D) reliefs and in Child Benefit expenditure.

Corporation Tax R&D reliefs

HMRC administers Corporation Tax R&D relief schemes which support companies that work on innovative projects in science and technology.

In its 2025-26 accounts, HMRC estimated costs of £8.0 billion on R&D reliefs, and an initial, illustrative estimate of associated fraud and error of £475 million, 5.3% of related expenditure. The C&AG concluded that there remains a material level of fraud and error in these reliefs, as has been the case in every year since 2019-20. The estimated rate of error and fraud has dropped significantly since 2022-23, when it was £759 million (9.9% of related expenditure).

Child Benefit

HMRC administers Child Benefit, making payments to around 6.9 million eligible families.

In 2025-26, expenditure on Child Benefit was £13.4 billion, with fraud and error relating to overpayments estimated at £270 million, or 2.0% of related expenditure. For the third consecutive year, the C&AG concluded there was a material level of fraud and error in Child Benefit (following the adoption of a new methodology to estimate fraud and error, which led to a more accurate but higher estimate).

Most Child Benefit fraud and error occurs due to customers not reporting changes which make them ineligible, for example, a 16- to 19-year-old leaving full-time non-advanced education or claimants moving abroad. HMRC has invested in 180 new counter-fraud staff to better tackle error and fraud and is making increased use of additional data sources.

Insight: HMRC's use of travel data to tackle fraud and error in Child Benefit payments

In June 2026, we reported on HMRC's implementation of a compliance intervention using Home Office travel data to tackle potential fraud and error from claimants leaving the UK who may no longer be eligible to claim Child Benefit.

Our report found that HMRC's initial pilot work suggested the intervention could secure significant savings for the taxpayer. However, weaknesses in HMRC's risk management and oversight, and missteps in implementing the first rollout, meant it did not strike the right balance between detecting fraud and error and managing the impacts on Child Benefit claimants.

Our report noted that, while HMRC should not be discouraged from pursuing innovative ways to reduce fraud and error, it must learn and apply the lessons for future initiatives.

Productivity challenge: closing the tax gap

HMRC defines the tax gap as the difference between the amount of tax that should, in theory, be paid and what is actually paid. It attributes these differences to a range of factors or behaviours, including individuals making mistakes in tax returns, illegal activity to deliberately conceal or misrepresent information through tax evasion, or failure to take reasonable care. HMRC cannot collect all tax but recognises it can do more to reduce the tax gap.

Overall levels and trends

In its latest estimates of the tax gap, published in 2026, HMRC estimated the 2024-25 tax gap at 6.4% of total theoretical tax liabilities, equivalent to £59.2 billion (6% or £52.8 billion for 2023-24). HMRC's latest estimates show that, although the tax gap has reduced over the long term from 7.5% in 2005-06, it has trended upwards since 2017-18 (**Figure 7** on page 13).

HMRC revises the tax gap estimates each year to reflect improvements to calculations or updates to data or forecasts. Changes in methodology, particularly improvements in measuring non-compliance among small businesses, mean that earlier estimates are likely to have understated the true level of the tax gap. In 2026, HMRC revised its estimates upwards, including for several years prior to 2018-19, indicating that it had previously underestimated the amount of tax lost due to non-compliance.

Small business tax gap

By customer group, in line with recent years, small businesses made up the majority (62%) of the total tax gap in 2024-25. One of HMRC's future priorities is to improve its assessment of the tax gap arising from small businesses. In 2025-26, HMRC has also undertaken additional work to tackle tax fraud and illegal activity by small businesses, for example working with other government bodies to investigate and disrupt illegal activity on the high street.

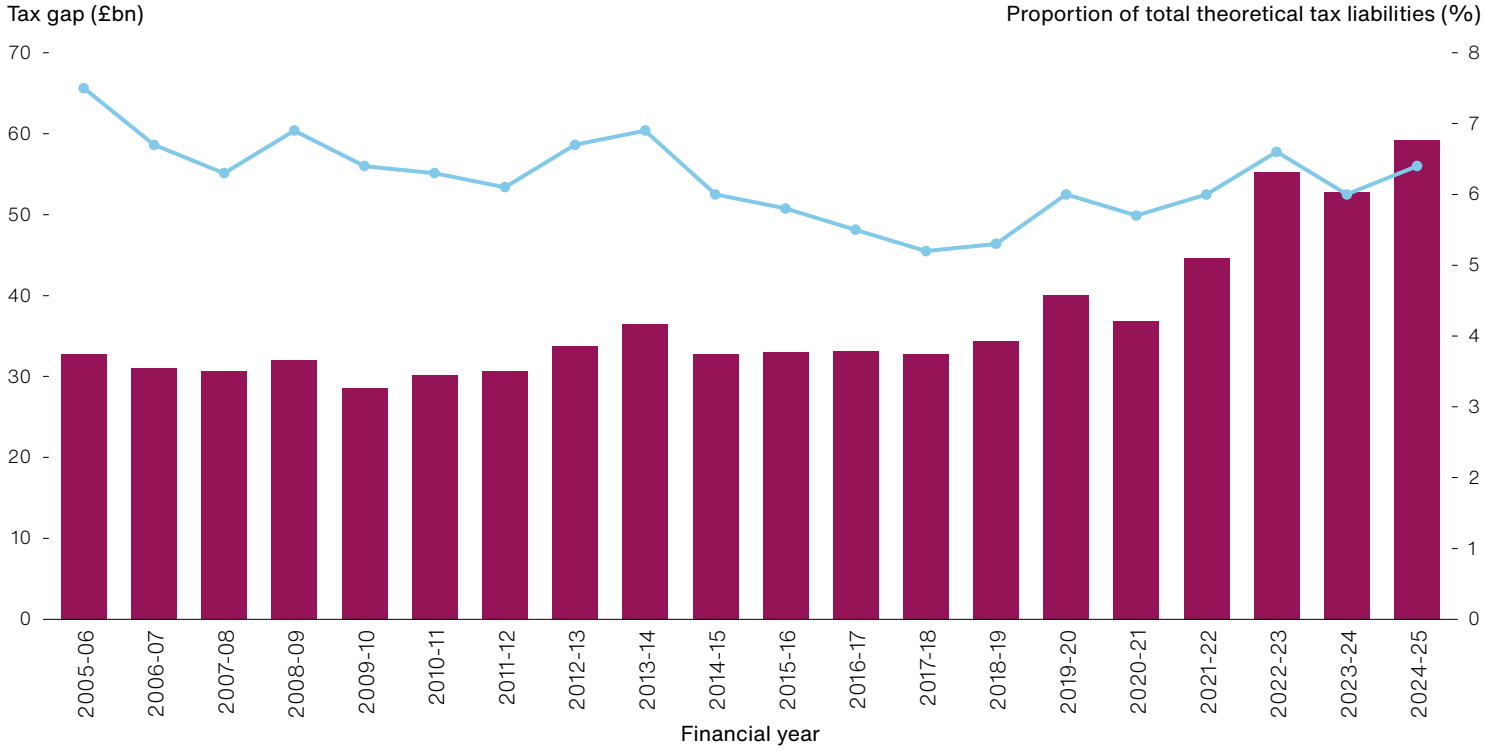


Productivity challenge: closing the tax gap *Continued*

Figure 7

HM Revenue & Customs' (HMRC's) 2026 estimates of the total tax gap, 2005-06 to 2024-25

HMRC's latest estimates show that the tax gap has reduced over the long term from 7.5% of total theoretical tax liabilities in 2005-06, but has trended upwards since 2017-18 in cash terms and as a proportion of theoretical liabilities



	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Total tax gap (£bn)	32.8	31.1	30.6	32.0	28.6	30.2	30.6	33.7	36.5	32.8	33.0	33.1	32.8	34.4	40.1	36.9	44.6	55.3	52.8	59.2
Total tax gap (% of total theoretical tax liabilities)	7.5	6.7	6.3	6.9	6.4	6.3	6.1	6.7	6.9	6.0	5.8	5.5	5.2	5.3	6.0	5.7	6.0	6.6	6.0	6.4

Notes

1 The tax gap is HMRC's estimate of the difference between the total taxes theoretically owed and those actually paid.

2 'Total theoretical tax liabilities' is HMRC's estimate of the total amount of tax theoretically owed. The tax gap is generally presented as a proportion of this.

3 HMRC has marked its 2023-24 and 2024-25 estimates as provisional because data for these years are incomplete. HMRC will update these estimates in future publications as new data becomes available.

4 HMRC has identified evidence that it may have understated the small business Corporation Tax gap for years before 2019-20, and therefore these years may not be directly comparable with later years. It has published an indicative range above its tax gap estimates prior to 2019-20 which indicates that its current estimates of the tax gap for these years could be incorrect and may be revised upwards in future years. This is available at www.gov.uk/government/statistics/measuring-tax-gaps at the time of publication.

5 Values are in nominal terms to maintain consistency with HMRC's Annual Report and Accounts.

Source: National Audit Office presentation of HM Revenue & Customs data

Productivity challenge: closing the tax gap – compliance yield

Compliance yield is HMRC's estimate of the revenues collected and protected that would otherwise have been lost to the Exchequer if not for its interventions. Total compliance yield in 2025-26 was £50.2 billion (5.2% of total revenues). Compliance yield in 2025-26 was lower than HMRC's target of £50.4 billion, although the total amount has increased for the last five years. Compliance yield in 2025-26 was 4.6% higher than in 2024-25 (£48.0 billion), and 63.0% higher than in 2021-22 (£30.8 billion).

HMRC's strategy to improve tax compliance is as follows.

- Prevent non-compliance by developing policies, processes and digital services that prevent opportunities for error, avoidance and evasion.
- Promote compliance, for example through updated and targeted guidance, and modernising how taxpayers interact with HMRC. For example, in 2025-26, HMRC set up digital nudges to provide advice to small businesses as they completed their return. HMRC estimated that, in combination with targeted communications, this brought in £36.4 million additional revenue in 2025-26.
- Respond where compliance risks remain, for example via investigations and debt recovery.

Upstream and downstream compliance

HMRC refers to work to tackle non-compliance after it has happened as 'downstream', and work to encourage voluntary compliance and prevent non-compliance as 'upstream'. HMRC's focus is increasingly on upstream work, which it considers more cost-effective, although this is difficult to verify as HMRC does not track the costs of separate activities.

The rise in compliance yield was driven particularly by increases in upstream yield. The proportion of yield from HMRC's upstream work has increased from 30% in 2021-22 to 42% in 2025-26, against its target of 25%. HMRC's estimate of upstream yield includes factors such as the wider deterrent effect of litigation outcomes (estimated at £8.2 billion, or 16.3% of compliance yield in 2025-26).

Insight: understanding compliance costs and benefits

Our 2025 report on the costs of the tax system concluded that the high returns HMRC generates from its compliance work offer good value for money, but the system is not optimised. It noted that compliance yield is increasing, with an increasing proportion coming from 'upstream' yield. Compliance costs are also increasing, reflecting greater staff and digital costs. However, compliance productivity has not yet returned to pre-pandemic levels.

Our recommendations included that HMRC develops a clearer understanding of the costs and benefits of 'upstream' compliance activity and of where upstream measures will reduce the need for downstream compliance work.

Insight: taxing large businesses

Our February 2026 report found that HMRC's compliance work with large businesses offered good value for money. Between 2021-22 and 2024-25, HMRC's large business directorate approximately doubled compliance yield to £15.8 billion, a return on investment of £95 for every £1 spent on staff pay, and four times more than what HMRC achieves across all taxpayers.

As large businesses carry particularly significant tax risks, HMRC's enhanced focus through a separate directorate makes sense. Large businesses rate their experience of dealing with HMRC highly, and HMRC's performance, in terms of compliance yield and time taken to resolve interventions, has recovered to pre-pandemic levels.

Key to HMRC's success with large businesses is its cooperative compliance approach and use of dedicated compliance managers. Our report notes that HMRC was considering expanding its cooperative compliance model to cover more businesses, particularly more complex and higher-risk businesses. If it chooses to expand this model, it will be important for HMRC to identify and test the complexity and risk factors that warrant a more resource-intensive approach, so that it can ensure it focuses its efforts where it will add the most value.

Productivity challenge: making efficiency savings

Spending Review 2025 efficiency and savings targets

As part of Spending Review 2025 (SR25), HMRC committed to deliver gross efficiencies of £886 million by 2028-29, equivalent to 15.0% of its 2025-26 budget for day-to-day spending and larger in percentage terms than any other department.[2]

Progress to date

For 2025-26, HMRC reported gross efficiencies of £137 million against its target of £134 million (**Figure 8**), including:

- efficiencies in **customer services** through service redesign, increasing automation, digital modernisation and operational improvements, for example simplifying tax codes (£30 million);
- **compliance work** (£28 million); and
- **modernising IT systems and replacing existing IT contracts** with more efficient services and suppliers (£63 million).

Next steps

Most of HMRC's planned savings come in 2027-28 and 2028-29. HMRC expects significant efficiencies to come from modernising IT infrastructure. For example, through its modernisation of the Valuation Office (VO) it expects:

- around £10 million of efficiency savings from the VO's new operating system, which aims to speed up decisions for business rates customers; and
- around £8 million of savings from using artificial intelligence (AI) and automation to make interactions quicker and help customers get the right outcome first time.

In April 2026 HMRC appointed its first Chief AI Officer.

Insight: challenges to achieving efficiencies

Our 2025 report on the costs of the tax system noted that HMRC has found previous efficiency targets difficult to achieve without compromising services. Our 2026 report on HMRC's management of tax debt found that there were still opportunities to build on its work to tackle inefficiencies in its debt management processes and systems.

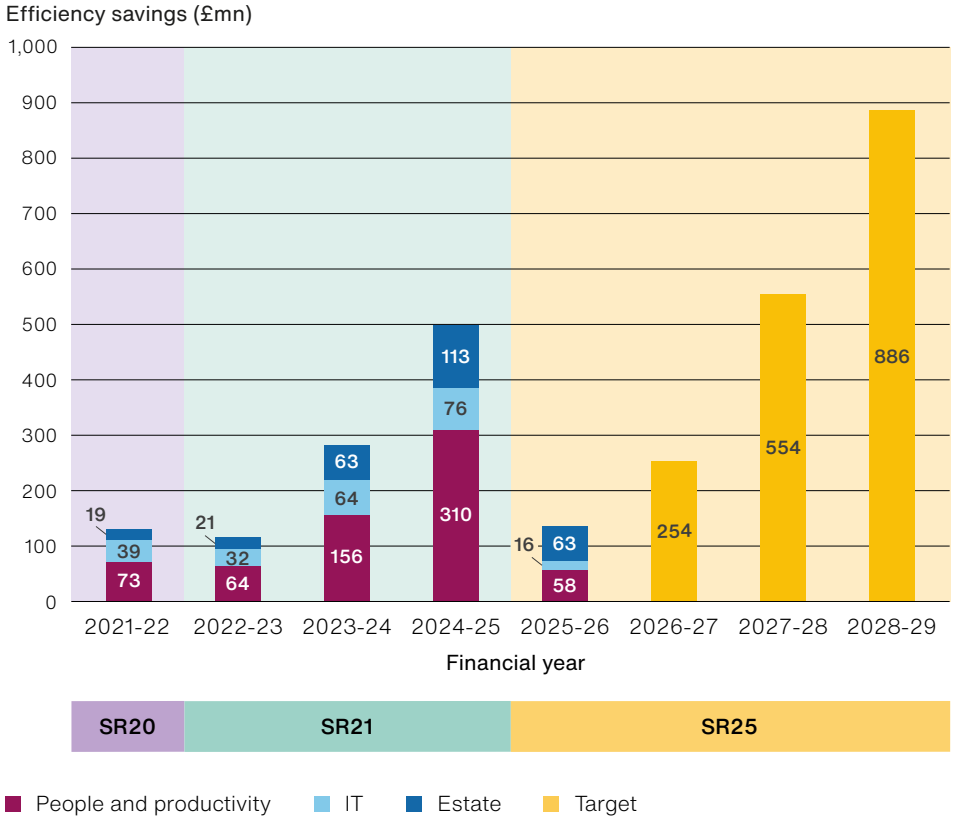
Our 2026 guide for organisations using AI highlighted that delivering the benefits from AI depends on establishing the foundational infrastructure and digital enablers, which – in the public sector – can be constrained by outdated systems and poor-quality data.

2 The £886 million is equivalent to £773 million of net savings, which includes any HMRC spending to achieve the savings.

Figure 8

HM Revenue & Customs' (HMRC's) gross efficiency savings, actual and target, 2021-22 to 2028-29

HMRC reported gross efficiency savings of £137 million in 2025-26, against a target of £134 million



Note

1 SR20, SR21 and SR25 refer to the periods covered by the Spending Reviews in 2020, 2021 and 2025 respectively.

Source: National Audit Office analysis of HM Revenue & Customs, *Annual Report and Accounts 2025 to 2026*, and management information.

Customer experience

Taxpayers are required by law to engage with the tax system. HMRC aims to make this engagement as easy as possible, including through automating tax and offering digital self-serve options. In 2025-26, for example, it established a new online PAYE (Pay As You Earn) platform. HMRC's strategy for customer services is to encourage customers to use digital and self-serve channels where they can. It also has adviser-led channels, notably telephone services, for people needing extra support or for more complex queries. HMRC categorises around three-quarters of customer calls as 'failure demand', which covers calls caused by HMRC's process failures and delays, customers chasing progress, and customers' errors.

The HMRC Charter details HMRC's standards when interacting with customers to ensure that they receive the appropriate service. During 2025-26, HMRC reported progress in embedding Charter principles through strengthened governance arrangements and a new Chief Customer Officer role.

HMRC reported stable or improved performance in its customer service targets in 2025-26, although it still did not meet most of them (see **Figure 9** and page 17). Overall customer experience in 2025-26 was in line with recent years, while satisfaction with digital channels remained high, and telephony performance improved from 2023-24.

The Charter Stakeholder Group survey of tax agents and specialists indicates that significant challenges remain, particularly around responsiveness, ease of dealing with HMRC, and the accuracy of service provided. For example, respondents reported difficulties obtaining timely resolutions to complex queries and accessing specialist support.

Loan Charge review

The Loan Charge was a one-off charge, designed to end the use of tax avoidance schemes that sought to avoid income tax and National Insurance by disguising income in the form of non-taxable loans. HMRC received considerable criticism for its implementation of the policy and its impact on taxpayers owing the charge, which was perceived as harsh. In November 2025, the government accepted all but one of the recommendations of a second independent review of the Loan Charge, including measures to reduce the amounts owed or extend repayment periods. HMRC has set up dedicated email and telephone lines to help those affected to settle their tax affairs.

Figure 9

HM Revenue & Customs' (HMRC's) performance in customer experience metrics, 2021-22 to 2025-26

Overall customer experience in 2025-26 was broadly in line with recent years

Metric	2021-22	2022-23	2023-24	2024-25	2025-26	Target for 2025-26
Overall customer satisfaction[1]	82.0%	79.2%	78.6%	79.7%	79.4%	80%
Net Easy (ease of dealing with HMRC)[2]	+65.5	+59.8	+59.2	+62.2	+61.8	+65
Once and Done (whether a customer achieved all they wanted during the contact)[3]		84.4%	84.0%	85.5%	85.6%	–

Notes

1 'Overall customer satisfaction' refers to a survey-based measure of the percentage of HMRC customers who responded that they were either "satisfied" or "very satisfied" with the service. This is based on a self-selecting sample of customers of telephone, webchat and digital services.

2 'Net Easy' is calculated by HMRC from an exit survey conducted on a self-selecting sample of customers using telephone, webchat and digital services. The survey question is "How easy was it to deal with us today?" The figures represent the total of positive responses minus the total of negative responses. The score that can be achieved ranges from –100 to +100.

3 'Once and Done' refers to the proportion of customers who responded "yes" when asked whether they were able to achieve what they needed to that day. HMRC does not set a target for this measure.

Source: National Audit Office analysis of HM Revenue & Customs data

Customer experience in numbers

HMRC's customer service performance measures in 2025-26

- HMRC received 29.1 million calls from customers, 13% fewer than in 2024-25 (33.5 million). Conversely, digital interactions increased by 10%, from 533 million in 2024-25 to 586 million in 2025-26. Correspondence (via post or online form queries) decreased from 16.0 million to 15.5 million.
- HMRC answered 85.1% of telephone callers' attempts to speak to an adviser, compared with 71.5% in 2024-25, meeting its target of 85%. This improvement coincided with a reduction in the number of calls received.
- Average call waiting times maintained the recent trend of year-on-year improvement (12:35 minutes in 2025-26) but remained higher than pre-pandemic averages.
- Customer satisfaction with phone, webchat and digital services was 79.4%, broadly unchanged from 79.7% in 2024-25, remaining just below HMRC's target of 80%.
- HMRC handled 79.4% of correspondence within 15 working days, compared with 76.9% in 2024-25 (target: 80%).

HMRC's customer survey results

- Overall experience improved slightly between 2024 and 2025 for individuals, agents and small businesses, but declined for mid-sized and large businesses (**Figure 10** on page 18).
- Digital channels are the main method of initial interaction for most customers. Telephone use is higher when customers have more complex issues.
- Agents remain the least satisfied group in 2025, reflecting difficulties with the agent-dedicated telephone line and issue resolution. Respondents cited long waiting times, and perceived lack of expertise and consistency from advisers.
- Although satisfaction levels fell between 2024 and 2025, large businesses remain the most satisfied customer group; 9 in 10 large businesses rated their relationship with their Customer Compliance Manager as "good".
- Timeliness, delays and uncertainty were the main drivers of dissatisfaction, particularly among business customers.

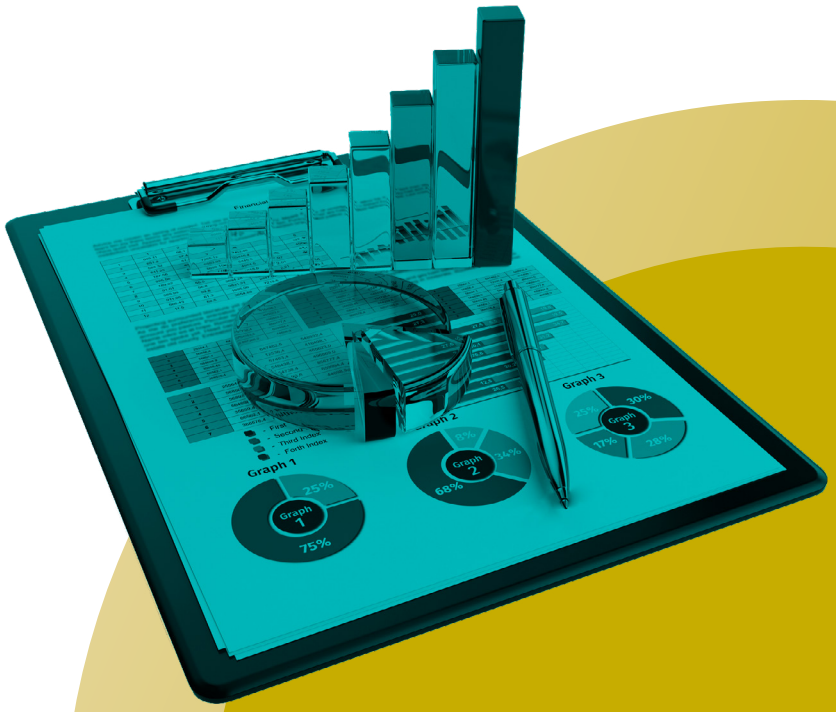


Figure 10

HM Revenue & Customs' (HMRC's) customer survey results, 2024 to 2025

Overall experience improved slightly between 2024 and 2025 for individuals, agents and small businesses, but declined for mid-sized and large businesses

		Percentage reporting a positive experience in 2025 (2024)[1]		
Customer group	**Method of interacting with HMRC**	**Overall experience**	**Digital channel experience**	**Telephone experience**
Individuals	58% digital 13% telephone 33% post	55% (52%)	HMRC webpages: 64% (65%) Personal Tax Account: 67% (66%)	46% (51%)
Agents	97% digital 68% dedicated agent phoneline 57% other HMRC phonelines 67% post	35% (33%)	HMRC webpages: 55% (53%)	27% (24%)[2]
Small businesses	75% digital 28% telephone 14% post	70% (68%)	HMRC webpages: 70% (62%) Business Tax Account: 79% (76%)	43% (47%)
Mid-sized businesses	86% digital 51% telephone 23% post	64% (66%)	HMRC webpages: 69% (65%) Business Tax Account: 75% (73%)	40% (47%)
Large businesses	94% personally dealt with Customer Compliance Manager	78% (82%)	Not reported separately due to the interaction driven via the Customer Compliance Manager[3]	

Notes

1 'Positive experience' refers to a survey-based measure of the percentage of HMRC customers who rated their experience of interacting with HMRC in the last 12 months as 4 or 5 on a 5-point scale (where 5 is 'very good'). The surveys use different sampling approaches designed to provide representative evidence for different customer groups.

2 For agents, the telephone experience relates to the dedicated agent phoneline, not the general HMRC phonelines they can also use.

3 Large businesses' key mode of interaction with HMRC is via their Customer Compliance Managers – a dedicated contact point to provide specific advice – which differs from the general customer support provided to other customers.

Source: National Audit Office analysis of HM Revenue & Customs data

Reform and modernisation: strengthening resilience

HMRC says that modernisation is about improving customer experiences and strengthening the resilience, security and capability of the department, so that it can provide reliable services, better protect customer data and respond to evolving risks.

Failure to deliver and maintain a resilient IT estate is one of HMRC's significant risks. HMRC has also assessed the specific risks posed by its legacy IT estate as substantial. HMRC's intention is to move to a simpler structure, with fewer separate IT systems and more software services with built-in AI capability. In its July 2025 *Transformation Roadmap*, HMRC set out its intention to overhaul its legacy IT infrastructure and invest in AI, data capabilities and new platforms.

HMRC's IT estate is costly to run and maintain: in 2025-26, it spent £1.2 billion on IT services and consumables.[3] It received an additional £1.6 billion of funding for the period 2026-27 to 2028-29 to modernise and reform its IT and data infrastructure, with the investment intended to generate significant efficiencies and improve resilience. HMRC also had £0.3 billion of funding from the government's Transformation Fund to improve customer services and IT by using digitalisation and AI capability to drive productivity improvements.

Insight: securing digital efficiencies

Our 2025 report on tax system costs emphasises how securing digital efficiencies will be challenging. It highlighted that, while enhanced digitalisation had increased revenue, it had not yet reduced running costs.

Performance and progress

HMRC uses a technical health maturity score to assess the overall condition and resilience of its technology systems and infrastructure, and progress in modernising its IT estate. In 2025-26, it rated this as 3.3 out of 5 (no change from 2024-25), with a target score of 4 by 2030.

In 2025-26, HMRC's modernisation focused on improving systems to benefit customers and included:

- moving services from older data centres to modern cloud platforms to improve reliability;
- replacing the 50-year-old VAT mainframe system to provide a more reliable service and enable faster updates and fixes;
- starting work on a new customer relationship management platform, which will provide a more complete view of a customer's interactions across HMRC; and
- rolling out the next phase of its Making Tax Digital (MTD) programme – from April 2026, sole traders and landlords with annual incomes over £50,000 have to maintain digital records and submit quarterly updates to HMRC;[4] from April 2027, HMRC is extending MTD requirements to around one million sole traders and landlords earning more than £30,000, with the threshold decreasing to £20,000 from April 2028 – HMRC expects MTD to support business productivity by helping businesses stay on top of their tax affairs.

HMRC expects to make further improvements, including updating Corporation Tax systems for businesses filing tax returns.

3 IT consumables are items that support technology but are designed to be used up or replaced over time. Examples include computer mice, printer ink and toner cartridges, and network cables and adapters.
4 HMRC's Making Tax Digital (MTD) programme is integral to its modernisation ambitions to ensure more taxpayers adopt regular digital record keeping and improve tax compliance.

Reform and modernisation: strengthening resilience *Continued*

Insight: productivity challenge – legacy systems

In our 2019 report *Challenges in using data across government*, we found that most government data are held in legacy systems which often only work for the policy they were built to support. These data often cannot be extracted or shared easily, even within the same department.

One of HMRC's modernisation ambitions is to improve its data sharing. Examples in 2025-26 included sharing data with the Department for Work & Pensions to help speed up claims for bereavement support payments, and a pilot to support local authorities to recover council tax debt.

While effective data sharing can have benefits for customers and government, HMRC must manage the associated risks carefully. As we reported in 2026, its implementation of an intervention using Home Office data to identify Child Benefit fraud and error (see page 11) led to a number of payments being suspended incorrectly, necessitating action by HMRC to resolve errors.



Workforce

One of HMRC's strategic objectives is to "build a high-performing organisation, with a skilled and engaged workforce". As at March 2026, HMRC risk-rated people and workplace as 'amber' (compared to a 'red'-rated capacity and capability risk in 2025). In 2025, it established a new People Committee, which leads on delivery of HMRC's people strategy. The strategy covers the following: learning, skills and capability, including apprenticeships and HMRC's learning academies; digital skills, knowledge and experience; change management and leadership; employee experience; and resourcing and recruitment. HMRC recorded its best-ever employee engagement score in its 2025 People Survey (60%, up from 56% in 2024), although this remains below the civil service average (65%).

Expanding the compliance workforce

The government is seeking to cut spending by reducing civil service numbers overall, while increasing staffing for priority areas. To help close the tax gap, HMRC received funding through 2025 to 2030 for an additional 5,500 compliance officers. In contrast to many government departments, HMRC's headcount increased during 2025-26 as it expanded its compliance workforce.

HMRC reported that it has recruited more than 1,600 compliance staff in 2025-26, ranging from trainees to more experienced tax specialists. To train the large number of new compliance staff and provide ongoing development for existing staff, HMRC set up a new Tax, Customs and Compliance Academy.

Insight: workforce planning lessons from wider government

Our 2026 *Government workforce planning – lessons learned* report discusses how effective workforce planning supports more productive, resilient and affordable public services. It highlights how government workforces are being reshaped by AI and digital technologies, and how departments need to respond – for example by identifying future skills needed to unlock improved productivity.

Productivity: organisations need to develop transparent and realistic productivity assumptions. We reported on HMRC's experience, where it expects productivity to dip when it brings in new compliance staff, as new recruits are less productive than experienced staff, and existing staff must shift efforts from casework to supporting new joiners.

Impact of AI and technology: we noted broader concerns that government workforce plans do not sufficiently reflect the impact of AI and technology. HMRC has said its long-term workforce planning seeks to reflect the impact of greater service automation on workforce size, roles/grades, tasks and skills.

Impact of AI and technology

Although HMRC has increased its compliance workforce, advances in technology mean it may not need so many staff in other areas. For example, HMRC's strategy for customer services is to encourage customers to use digital and self-serve channels where possible. In 2025-26, 78% of all customer interactions were through digital self-serve channels (2024-25: 76%), with a target of at least 90% by 2029-30. In our 2025 report *The administrative cost of the tax system*, we found that HMRC had reduced its front-line customer service workforce, with a shift from lower-grade staff to more senior grades developing digital systems. In 2025-26, HMRC customer services delivered £30 million of efficiency savings, with a further £181 million required by 2028-29.

In 2025-26, HMRC has sought to encourage the safe use of AI by staff, reporting greater use of AI to automate routine tasks, help handle complaints and keep training materials up-to-date. To build staff confidence, it ran a campaign to encourage AI learning, with 80% of HMRC staff completing at least one digital, data or technology course in 2025-26.

Insight: reducing workforce costs

Our 2025 good practice guidance on *Government exits and redundancies* sets out challenges that departments must address when making staff reductions. These include protecting organisational capability to deliver, retaining high performers and skilled staff, and ensuring staff reductions are sustainable.

Supporting wider economic aims: customs

The customs regime exists to manage the movement of goods across the UK border and facilitate international trade. HMRC works with Border Force and other government departments to ensure the regime supports legitimate trade, collects revenue, protects the UK against security risks, and meets international obligations.

Developments since EU Exit

Since EU Exit, the new requirements have increased both the number of traders required to engage with the customs system and the volume of declarations that need to be made. HMRC estimated the total administrative burden traders faced for the completion of import and export customs declarations for GB–EU trade in 2022 was £1.8 billion.

HMRC introduced the Customs Declaration Service (CDS), for traders to make import and export declarations when moving goods in and out of the UK. It has implemented key elements of the Windsor Framework.[5] For example, removing the need for businesses to make a full customs declaration when moving eligible goods between Great Britain and Northern Ireland, by expanding the UK Internal Market Scheme and simplifying the information they need to provide.

Future changes

HMRC's *Transformation Roadmap* sets out its plans to develop a more automated and integrated customs regime. This includes enhancements to the CDS, while integrating more automation and using digital tools and data to improve border processes and support traders to understand and meet their obligations. HMRC intends such reforms to modernise its systems, reduce administrative burdens and strengthen the UK's ability to manage risks at the border.

Currently, imports worth £135 or less are exempt from customs duty purposes. The government is removing this relief and introducing a new customs regime for low-value imports by October 2028. HMRC expects to process around 600 million consignments annually, with overseas sellers and online marketplaces required to submit customs data and pay duties directly to HMRC. The reform is expected to raise over £1 billion by the end of 2030-31, improve customs compliance, and address concerns about unfair competition from overseas retailers.

In addition to HMRC's planned reforms, the government sees significant benefits from increasing the digitalisation of trade information between businesses and the government. In July 2026, it published a call for evidence, *Modernising the UK's customs regime*, to gather insights from businesses, intermediaries and others into:

- the effectiveness of customs processes;
- where the challenges lie; and
- where there are opportunities to adapt and improve.

The government says that technological change and digital trade processes offer opportunities to reduce costs, complexity and administrative burdens for businesses trading across the UK border and interacting with the customs system. Its ambitions include exploring integration with commercial digital trade systems, improving the interoperability of UK customs processes with those of key international partners, and leveraging AI to better automate processes.

The Single Trade Window (STW) is an interface intended to make it cheaper and quicker for stakeholders to submit data to government departments and help departments use and share data relating to the UK border. This has long been planned, with the government reiterating its commitment in 2025. Following a pause to the overall programme in 2024, HMRC paused operational delivery for 2025-26, with some policy development work ongoing to understand industry needs and service design.

Insight: border processes

In our May 2024 report *The UK border: Implementing an effective trade border*, we reported that since the UK left the EU, border processes have operated largely as intended, but traders have faced additional costs and administrative burdens.

We made recommendations to ensure the government implemented, monitored and reviewed the effectiveness of new import controls.

5 The Windsor Framework is an international arrangement between the UK and the EU under which the parties commit to binding international law obligations, including changes to the Northern Ireland Protocol

More information about our work with HMRC

Collecting the right tax from wealthy individuals

May 2025

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

The report concludes that HMRC deserves credit for increasing the amount of compliance yield from wealthy individuals, but that there is too much uncertainty around the tax gap estimate, notably for offshore wealth, to be confident that non-compliance is not far higher than HMRC has detected. Higher-value cases take far longer than they used to. HMRC is now seeking to address the efficiency and effectiveness of its casework.

Taxing large businesses

February 2026

This report examines whether HMRC's approach to large business tax compliance is delivering value for money.

The report finds that HMRC's compliance work with large businesses offers good value for money, bringing in £95 for every £1 spent on staff pay – four times more than what it achieves across all taxpayers. Large businesses carry particularly significant tax risks, justifying HMRC's enhanced focus on them.

HMRC's performance – in terms of the taxes its large business compliance activity brings in and the time it takes to resolve interventions – has recovered to pre-pandemic levels. Large businesses rate their experience of dealing with HMRC highly.

Administration of Scottish income tax 2024-25 and *Administration of Welsh rates of income tax 2024-25*

January 2026

Our annual reports examine HMRC's approach to assessing and mitigating the risk of non-compliance with Scottish and Welsh tax requirements, its controls for assessing devolved income tax revenues, and the cost of administering these taxes.

HMRC's use of travel data to tackle fraud and error in Child Benefit payments

June 2026

This investigation provides an assessment of HMRC's compliance intervention for Child Benefit using Home Office travel data.

The reports finds that weaknesses in governance and risk management meant that HMRC made changes to the intervention that compromised delivery. The initial rollout did not adequately consider the impact on claimants, including suspending payments for more eligible claimants than it needed to.

While HMRC responded to emerging problems, it had to expend significant efforts to reset the process. HMRC should not be deterred from trying innovative approaches to tackle fraud and error, but it must also manage risks appropriately.

More information about our work with HMRC *Continued*

HM Revenue & Customs 2025-26 Accounts: C&AG's Report

July 2026

This report sets out our factual commentary on HMRC's performance in 2025-26, together with the reasons and context for the C&AG's qualification of his opinion on the regularity of HMRC's 2025-26 Resource Accounts.

HMRC's management of tax debt

October 2026

This report examines whether HMRC is well placed to reduce the tax debt balance while managing the flow of new tax debt.

The report concludes that, given challenges such as the pandemic and cost-of-living crisis, HMRC should be credited with success in reducing tax debt since 2022-23. HMRC aims to further reduce tax debt as a proportion of receipts and has proposed policy changes to help it prevent new tax debts and deal with non-engaged debtors.

HMRC gets a good return on investment from its debt management work but, as additional staff have brought diminishing returns, it must exploit opportunities to extract more productivity.

Cross-government reports

Some of the NAO's cross-government reports feature HMRC, including our 2026 lessons learned report on government workforce planning and 2025 report on using data analytics to tackle fraud and error.

Our previous work on HMRC can be found here. Information about the National Audit Office's upcoming work can be found here.



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The National Audit Office (NAO) is the UK's independent public spending watchdog and is responsible for scrutinising public spending for Parliament. We audit the financial accounts of all departments, executive agencies, arm's-length bodies, some companies and charities, and other public bodies. We also examine and report on the value for money of how public money has been spent.

The NAO is independent of government and the civil service. The NAO's wide remit and unique access rights enable us to investigate whether taxpayers' money is being spent in line with Parliament's intention and to respond to concerns where value for money may be at risk.

We support all Members of Parliament to hold government to account, and we use our insights to help those who manage and govern public bodies to improve public services.

We produce reports:

- on the annual accounts of government departments and their agencies;
- on the economy, efficiency and effectiveness with which government has spent public money; and
- to establish the facts where there are concerns about public spending issues.

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About this report

This report has been produced to provide an overview of the NAO's examination of the spending and performance of the HM Revenue & Customs (HMRC).

It is intended to support HM Revenue & Customs Committee and members across the House in their examination of HMRC.

This report updates our previous report, An Overview of HM Revenue & Customs 2024-25 published on 6 November 2025.

How we have prepared this report

The information in this report draws on the findings and recommendations from our financial audit and value-for-money work, including the annual report and accounts of HMRC and its partner organisations. In some cases, to provide the most up-to-date information, we have drawn on information from publicly available documents. We have cited these sources throughout the guide to enable readers to seek further information if required.

Where analysis has been taken directly from our value-for-money or other reports, details of our audit approach can be found in the Appendix of each report, including any evaluative criteria and the evidence base used. Other analysis in the guide has been directly drawn from publicly available data and includes the relevant source as well as any appropriate notes to help the reader understand our analysis.