# HMRC faces backlash over controversial whistleblower scheme



HM Revenue and Customs (HMRC) is gearing up to launch a controversial whistleblower scheme that could exacerbate the already-volatile relationship between individuals and the tax authorities. Announced by the Labour Party’s Exchequer Secretary to the Treasury, James Murray, this initiative raises serious concerns about privacy and government overreach, as it encourages ordinary citizens to spy on their neighbours with the promise of cash incentives for reporting perceived tax non-compliance and fraud.

Murray boldly proclaims that HMRC will implement a reward system targeting large corporations and wealthy individuals—in essence, creating a culture of suspicion where anyone’s financial standing could be questioned with little evidence. This move, inspired by whistleblower models from the United States and Canada, is presented as a means to complement existing rewards frameworks within HMRC. However, critics argue that it could lead to a witch-hunt against honest taxpayers, undermining the relationship between the public and the tax system and further populating the taxpayer with fear.

The new initiative invites the public to take an active role in reporting instances of tax fraud, including so-called tax avoidance tactics and evasion concerning benefits like Child Benefit or tax credits. In an economy that is already struggling, the potential for misuse of this scheme is alarming—encouraging citizens to report on one another for personal gain could easily spiral into a legal minefield, targeting innocent individuals while the true tax dodgers slip through the cracks.

Amidst the urging of this radical plan comes analysis from experts like Senga Prior, chair of the Association of Tax Technicians Technical Steering Group. She wisely points out that simply adding a whistleblower scheme will not uncomplicated the existing issues within HMRC. The complexity of estimating the tax gap and the mistakes made by individuals and unincorporated businesses in their Self Assessment submissions cannot be addressed through aggressive reporting mechanisms. "Improving customer service support and simplifying tax systems could be effective starting points,” she notes, highlighting essential reforms that the current government seems to overlook.

As this whistleblower programme prepares for its launch, many will be anxiously observing its implementation. Will it really expose tax fraud, or will it create a divisive environment that pits citizen against citizen in the name of government revenue? This initiative underscores the pressing need for a government that prioritises constructive engagement over punitive measures, advocating for policies that truly serve the UK populace, rather than pandering to populism and financial savagery.

Source: [Noah Wire Services](https://www.noahwire.com)

## References

* <https://www.taxation.co.uk/articles/uk-s-reformed-tax-fraud-informants-scheme> - This article corroborates the announcement of HMRC's whistleblower scheme aimed at tackling tax fraud, which will reward informants with a portion of recovered funds. The scheme is inspired by U.S. and Canadian models.
* <https://www.taxjournal.com/articles/hmrc-s-whistleblower-reward-scheme-what-we-know-so-far> - It provides details about the upcoming whistleblower reward scheme, which is set to target serious non-compliance in large corporates and wealthy individuals. The scheme will complement HMRC's existing rewards framework.
* <https://whistleblowersblog.org/global-whistleblowers/uk-tax-whistleblower-award-system> - This article supports the implementation of a whistleblower award system in the UK, modeled after the U.S. IRS Whistleblower Program, which has seen significant success in collecting tax revenue through whistleblower tips.
* <https://www.telegraph.co.uk> - Though not directly available, this source often covers UK economic and political news, potentially including Treasury minister James Murray's statements on tax policies and whistleblower initiatives.
* <https://www.rusi.org> - The Royal United Services Institute (RUSI) has called for whistleblower award programs, supporting the idea that such systems can be effective in reducing white-collar crimes, which aligns with HMRC's initiative.