HMRC is increasing its tax compliance activity

What does this mean for you?

HM Revenue & Customs (HMRC) has been increasing its focus on tax compliance, supported by significant government investment in additional staff, technology and data.

HMRC generated **more than £50 billion in compliance yield during 2025/26 for the first time.** This represents tax revenue that HMRC says would otherwise have been lost without its intervention.

The government has also confirmed further investment in HMRC as part of the 2026 Autumn Budget.

So, should individuals and businesses expect greater scrutiny from HMRC, and what can you do to prepare?

HMRC is recruiting thousands of additional compliance staff

The government had already committed to recruiting and training **5,500 additional HMRC compliance caseworkers**, supported by additional lawyers, analysts and policy specialists.

That recruitment is well under way. By June 2026, HMRC reported that **more than 2,400 new compliance colleagues had joined since Autumn Budget 2024**.

The 2026 Autumn Budget goes further, providing investment for **an additional 670 compliance officers**, building on the previous commitment to recruit 5,500 additional compliance officers by 2029/30.

This represents a considerable expansion of HMRC's compliance resources.

What does HMRC mean by compliance activity?

HMRC's compliance work is much broader than formal tax investigations.

Its activity can range from relatively straightforward checks of information provided on a tax return through to detailed enquiries into the affairs of an individual or business. At the most serious end, HMRC can undertake fraud and criminal investigations.

An enquiry does not necessarily mean that HMRC believes someone has deliberately underpaid tax. Discrepancies can arise from genuine mistakes, misunderstandings of increasingly complex tax rules or differences between information reported by a taxpayer and information HMRC has received from another source.

However, HMRC's increasing resources mean it will have greater capacity to identify and address potential non-compliance.

Greater use of data and technology

It isn't simply a matter of employing more compliance officers.

HMRC is also investing in the use of **data, technology and specialist expertise to identify potential non-compliance earlier**.

The government has, for example, published a new multi-year plan to modernise the approach to the compliance of wealthy taxpayers. HMRC intends to make better use of data, technology and specialist expertise to understand taxpayers' affairs and focus its attention on areas presenting the greatest risk.

Increasing digitalisation of the tax system also makes accurate and consistent record-keeping increasingly important.

The government expects to recover significantly more tax

The additional resources are not simply an administrative exercise. They are intended to generate additional tax revenue.

The government says that measures announced during this Parliament to close the tax gap are now expected to raise **more than £12 billion in 2029/30**.

HMRC has also said that government investment will help it increase annual compliance yield by a further **£10 billion by 2030**.

We can therefore expect tax compliance to remain a significant priority for HMRC over the coming years.

What could attract HMRC's attention?

HMRC's approach is increasingly data-led and risk-based, so there is no single reason why an individual or business might be selected for a compliance check.

It is therefore sensible to ensure that figures submitted to HMRC are consistent with the underlying records and that you can demonstrate how they were calculated.

Depending on your circumstances, relevant records might include:

- invoices and receipts;
- bank and credit card statements;
- payroll records;
- dividend documentation;
- business expenses and mileage records;
- property income and expenses;
- savings and investment records;
- pension contributions;
- Capital Gains Tax calculations; and
- supporting documentation for tax reliefs and allowances claimed.

Business owners should also make sure that transactions between themselves and their company are properly recorded and treated for tax purposes.

What should you do if HMRC contacts you?

Receiving a letter from HMRC can understandably be concerning, but it is important not to panic.

If you are a client of RPG Chartered Accountants, you should contact us immediately, especially if you have subscribed to the RPG Tax Investigation Service. An RPG colleague will then manage all of the communication with HMRC.

The first step is to establish exactly what HMRC is asking for and the deadline for responding. An enquiry into one aspect of a tax return does not necessarily mean that HMRC is investigating everything.

You should avoid ignoring correspondence, even if you believe your return is correct.

Providing a clear, accurate and appropriately evidenced response can help deal with an enquiry as efficiently as possible.

If HMRC has identified an error, obtaining advice promptly can also be important. The tax consequences and any potential penalties can depend on the particular circumstances, including how an error arose and how it is disclosed.

Good records are becoming increasingly important

For most taxpayers, increased HMRC compliance activity should not be a cause for concern.

It does, however, reinforce the importance of maintaining good records and making sure returns are complete and accurate.

Individuals and businesses should:

- maintain appropriate supporting records;
- reconcile accounting and tax records regularly;
- check information carefully before submitting returns;
- make sure reliefs and expenses claimed meet the relevant conditions;
- address errors as soon as they are identified; and
- seek advice where the tax treatment of a transaction is uncertain.

Taking these steps can make dealing with HMRC considerably easier if questions are subsequently raised.

How we can help

If you receive an enquiry or other correspondence from HMRC, **please speak to us before responding**.

We can help you understand what HMRC is requesting, review the underlying tax position and assist in preparing an appropriate response.

Equally, you do not need to wait until HMRC contacts you. If you are concerned about an error or omission in a previous tax return, addressing the issue proactively may give you more options than waiting for HMRC to identify it.

Protecting against the cost of an HMRC enquiry

Even when your tax affairs are in order, responding to an HMRC enquiry can involve a considerable amount of professional time and therefore additional costs.

Clients can choose to subscribe to the RPG Tax Investigation Service, which is designed to cover RPG's professional fees up to £100,000 relating to an HMRC enquiry, subject to the terms and conditions of the service.

With HMRC continuing to invest in additional compliance staff and making greater use of data and technology, subscribing to the service can provide valuable reassurance that, should HMRC open an enquiry, you can call on RPG's professional support without concern about the resulting professional fees.

Please note

This article is based on information available as at **28 October 2026** and is intended for general information purposes only. It does not constitute tax, legal or financial advice. The appropriate course of action will depend on your individual circumstances and professional advice should be obtained where necessary.

The RPG Tax Investigation Service is subject to its own terms, conditions, eligibility requirements and exclusions. Details should be reviewed before deciding whether to subscribe.

If you would like to know more about the RPG Tax Investigation Service, including the cost and what is covered, please contact us and we will be happy to provide further information. Please note that it is available for RPG clients only. Email info@rpg.co.uk or call our Manchester office on 0161 608 0000.

RPG | Chartered Accountants

The Copper Room, Deva City Office Park,
Trinity Way, Manchester, M3 7BG

T: 0161 608 0000
E: info@rpg.co.uk
W: rpg.co.uk

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