

# Criminals defraud taxman of £5 billion from pandemic support schemes

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[OVID](#) support schemes offered by the [government](#) have been defrauded to the tune of £5 billion, official figures show.

[HMRC](#) says it in its annual report that it estimates that 6.4% of the billions of pounds paid to [companies](#) to support furlough employees actually went to fraudsters.

The tax authority believes that close to £350 million has fallen into the hands of organised crime gangs, while another £4.6 billion was claimed by so-called “opportunistic fraudsters”.

The figures include claims made under the Furlough, Self-Employment Income Support Scheme and Eat Out To Help Out.

Steven Porter, partner at law firm Pinsent Masons, says: “These schemes were absolutely vital to ensure the UK economy came out of the pandemic in the best possible shape. However, any handout of subsidies and aid of this size is going to attract fraudsters.”

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“HMRC will now be hunting down those who made fraudulent claims, particularly through the [Fraud](#) Investigation Service. There will be a wave of civil and criminal penalties, including prison sentences. The Treasury has already clawed back £98 million from fraudulent or erroneous covid claims and a number of arrests have already been made.”

[HMRC](#) said the schemes were created quickly to support people in need, and had been subsequently strengthened to crack down on fraud.

A spokesman said: “The Covid support schemes have helped millions of people and businesses through the pandemic, and the government was clear that the priority was getting money to those who need it as fast as possible.”

“The Taxpayer Protection Taskforce is expected to recover £1bn from fraudulent or incorrect payments over the next two years, and work is already under way, with 23,000 ongoing investigations.”

HMRC said it had so far stopped or recovered £840 million of over-claimed grants in 2020/21.

Pinsent Masons says an escalation of enforcement action by HMRC is now likely over the coming months.