

# HMRC Case Study

## HM Revenue & Customs Fighting Tax Fraud

Attacks by fraudsters contribute to the estimated £11.5bn of the UK tax gap that relates to VAT. Fraudsters often register under multiple false identities to perpetrate their crimes. Traditionally, identifying and linking together these identities has been a difficult, time consuming process that restricted the ability of HMRC to take early action to reduce losses and deny VAT numbers to known fraudsters.

### The Challenge

With the UK tax gap at an estimated £40bn, pressure to reduce staff numbers, and a constantly evolving threat from tax evasion and organised fraud, HM Revenue & Customs (HMRC) needs to deploy its resources to the areas of highest risk. Recent innovation in the tools and methods available to tackle fraud and avoidance has provided HMRC with an opportunity to exploit its information and intelligence more effectively. By combining system and third party sources HMRC is turning big data into actionable cases and intelligence that can deliver real revenue saving benefits for the taxpayer.

### How BAE Systems helped

BAE Systems helped HMRC design, build and operate the Connect system. Connect brings together 'big data' information on tax payers using our unique NetReveal® fraud detection platform. NetReveal allows HMRC to uncover hidden relationships between people, organisations and data that they could not previously identify.

Combined with powerful analytics, this insight is used to significantly improve the effectiveness of both campaigns and compliance case work and provides a rich resource to support analysis of new threats and to answer strategic questions. Insight is deployed to frontline staff via flexible case management and visualisation tools. Results are fed back into Connect to support a cycle of continual learning.

### The results



Since 2008, HMRC has seen Connect bring in an additional £3 billion in tax revenues. Connect allows HMRC compliance teams to search more than a billion pieces of data at the touch of a button, taking seconds to find evidence of potential evasion and fraud that would otherwise have taken skilled teams weeks to sift, sort and track down. This has enabled HMRC to reduce the number of people they have working in their Risk and Intelligence function by 40 per cent while still increasing the compliance revenue they collect or protect. Connect has positioned HMRC at the forefront of tax administrations worldwide in the use of cutting-edge data analysis to drive customer compliance.

Since 2008, HMRC has seen  
Connect bring in an additional  
**£3 billion** in tax revenues.

"Making our **systems secure from fraud** has been a key priority."

HMRC Departmental Report 2009

BAE Systems, Surrey Research Park, Guildford, Surrey, GU2 7RQ, UK  
T:+44 (0) 1483 816000  
E: [learn@baesystems.com](mailto:learn@baesystems.com) | W: [baesystems.com/businessdefence](http://baesystems.com/businessdefence)

 [linkedin.com/company/baesystemsai](https://www.linkedin.com/company/baesystemsai)  
 [twitter.com/baesystems\\_ai](https://twitter.com/baesystems_ai)