

PAYE errors leave five million paying wrong tax

By George Jones

FIVE million people whose income tax is deducted by their employers may be paying the wrong amount of tax or national insurance, an official watchdog said yesterday.

Fraud and error in Gordon

Brown's flagship tax credit system is also costing the taxpayer more than £1 billion a year, according to the National Audit Office.

It said that the scale of the losses was "unacceptably high" and that HM Revenue and Customs computer sys-

tems were no longer well suited to the efficient administration of income tax.

The report from Sir John Bourn, the head of the NAO, brought an admission from Alistair Darling, the new Chancellor, last month that the administration of the tax

credits system was unacceptable.

The report voiced concern over the operation of the PAYE system. It estimated that £880 million tax went unpaid each year while £340 million was overpaid due to HMRC's outdated computer system.