



Tax Training Ltd

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Newsletter

August 2021

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Payroll

An employee who **works from home** may be paid £6 a week or £26 a month tax-free by the employer. This can typically save an employee about £62 tax a year. The sum is designed to cover incidental expenses such as telephone and electricity. No evidence is needed to support the claim. The amount was £4 a week before 6 April 2020.

A higher sum may be claimed for greater expenses, such as where the employee makes many international telephone calls. Such a claim must be supported by evidence.

This allowance may be claimed for any work at home and is not limited to coronavirus working from home. However, the rules are relaxed for coronavirus working.

Ordinarily, the allowance is only tax-free if the amount is paid by the employer. For coronavirus working, the allowance may be claimed whether or not the employer pays the employee.

Also, the allowance may be claimed for the whole tax year even if the employee goes into work some days. This relaxation was given in a parliamentary answer on 20 March 2020.

Claims made for the 2020/21 tax year are not automatically rolled over into the 2021/22 tax year. A fresh claim must be made. This may be made on a tax return, postal from P87, or by the government gateway for PAYE codes.

When the pandemic is over, it is believed the government will revert to the pre-pandemic rules.

Thousands of freelance **lorry drivers** have left their work because of the IR35 provisions that apply to private sector workers from April 2021.

Many drivers were classed as self-employed, which meant they accounted for their own tax and paid less national insurance. HMRC now requires such workers to be treated as employees if the nature of their work is similar to employment. The decision as to whether a worker is self-employed passed from worker to employer in April 2021. This means that HMRC is chasing employers rather than workers.

The Road Haulage Association believes that the tax change has led to the shortage of 100,00 drivers. This has been exacerbated by other factors, such as higher rates of pay for drivers in Eastern Europe and delays at DVLA in licensing new drivers.

Employers may apply for **“pinged” staff** to be exempt from coronavirus self-isolation requirements if they are critical workers. There is no list of critical workers as each request is considered on its own merits.

Pinged staff are those who are contacted on their mobile phones as having been in contact with someone who has tested positive for coronavirus. The pinged worker is required to self-isolate unless exempted.

From 23 July 2021, parts of the food sector were exempted from the requirement to self-isolate staff if they have daily Covid tests instead. About 10,000 workers at 500 sites come within the scope. Other sectors have subsequently been added

Supermarkets warned that there could be serious shortages of food after 618,903 people were pinged in the third week of July 2021.

In July 2021, HMRC revised its employment status tax manual to reflect cases and decisions on whether **entertainers** are to be taxed as employees or as self-employed. This is particularly relevant from April 2021 when employers must decide whether someone is an employee.

The manual at ESM4100 lists some of the many roles in entertainment and gives HMRC's view as to whether this is likely to comprise employment or self-employment.

Sex offenders have been able to continue securing work with children by the simple expedient of changing their names, according to an investigation by *The Times* in July 2021.

As an example, in 2016, teacher Ben Lewis was given a two-year suspended sentence for having indecent images of young girls. He was placed on the sex offenders register and barred from working with children. The day after sentencing, he changed his name to Ben David and secured a job in a school.

A **mother** earns an average 28% less in the first year of the birth of her child, according to research published in July 2021 by university UCL. It found examples of the "motherhood penalty" of up to 45%.

On 25 July 2021, the Labour party announced a policy to create a single category of worker with **employment rights** from the first day of employment. This means that there would be no qualifying periods for such rights as statutory sick pay, unfair dismissal and parental leave.

Business tax

A large business will be required to notify HMRC where it has adopted an **uncertain tax treatment**. This applies to returns filed from 1 April 2022, and applies when the amount of tax involved is at least £5 million.

This duty applies where the business believes that HMRC may take a different view on the tax treatment. The new provision is designed to allow for earlier resolution of such matters. HMRC will be publishing draft guidance later.

The number of triggers for uncertainty has been reduced from seven to three during the consultation period. The three triggers are now:

- when the business takes a tax position that is different from HMRC's known position
- when the accounts include a provision for additional tax should HMRC take a different position

- when there is a substantial possibility that a court or tribunal will find the position taken by the business to be incorrect.

Matters relating to transfer pricing are not included as these are dealt with by other provisions.

Notification is required by the same date that the tax return is due. This means that the provision can apply to transactions that have already happened. New penalties will be introduced for repeated failure to notify uncertainties.

From April 2023, the **marginal rate** of corporation tax is 26.5%.

Mathematically, the marginal rate does not depend on the amounts of the thresholds but on the ratio between them. Provided this ratio is 1 to 5, the marginal rate is the full rate plus one quarter of the difference. From 2023, the full rate is 25%, the lower rate is 19%, and the thresholds are £50,000 and £250,000. So the marginal rate is 25% plus one quarter of the difference of 6 percentage points: $25\% + 1.5\% = 26.5\%$.

The same mathematics applied between 1994 and 2014 when the thresholds were £300,000 and £1.5 million. The ratio was 1 to 5, so the marginal rate was the full rate plus one quarter of the difference. For example in 2012/13, the full rate was 24% and the small profits rate was 20%, so the marginal rate was 25%. (The ratio was also 1 to 5 from 1982 to 1993 but with different thresholds).

The marginal rate is how much extra corporation tax is payable for each extra £1 earned between the thresholds.

Subject to any further changes, from April 2023, corporation tax is payable at 25% on all taxable profit above £250,000. It is paid at 19% on all taxable profit below £50,000. Between £50,000 and £250,000, it is charged at 25%, but subject to marginal relief of 3/200.

Mathematically, provided the thresholds are in a ratio of 1 to 5, the marginal relief fraction is $R/400$ where R is the difference in percentage difference between the two rates. From 2023, this is 6 percentage points, so the fraction is $6/400$ or $3/200$. (This $R/400$ formula also worked for corporation tax rates between 1982 and 2014.)

From April 2023, a company with taxable profits of, say, £200,000, pays corporation tax thus:

tax:	£200,000 at 25% =	£50,000
less marginal relief:		
	$(£250,000 - £200,000) \times 3/200 =$	<u>£750</u>
tax payable		<u>£49,250</u>

And that is how the tax should be calculated.

The marginal rate, re-expresses this calculation using the slice basis as used for income tax. This sees the first £50,000 as taxed at 19%, and the next £200,000 taxed at 26.5%, with any balance taxed at 25%.

So the company with taxable profits of £200,000 can calculate its tax as:

£50,000 at 19%	£9,500
£150,000 at 26.5%	<u>£39,750</u>
tax payable	<u>£49,250</u>

This gives the same answer.

The marginal rate should not be used to calculate corporation tax, but is a useful tool in tax planning. [21.07/0]

The announced increase in corporation tax from 19% to 25% from April 2023 is the first increase in its rate since 1973, when the main rate rose from 40% to 52% and the small profits rate was introduced at 42%.

The first rate increase for half a century offers an obvious tax saving of simply **deferring expenditure** to after April 2023.

Allowable expenditure of £100,000 saves £19,000 tax at 19% corporation tax, but saves £25,000 at 25%.

In making such a decision, the new super-deduction of 130% should be considered. This ends just as the 25% rate is introduced. The comparison can therefore be between:

£130,000 at 19% = £24,700

£100,000 at 25% = £25,000.

There can still be a tax saving in deferring expenditure, but it may be small.

The marginal rate of corporation tax from April 2023 needs to be considered when there is one or more **associated company**. These divide the thresholds by N+1 where N is the number of associated companies. So if there are four associated companies., the thresholds are divided by 5. Instead of being £50,000 and £250,000, they become £10,000 and £50,000.

If there is just one associated company, the thresholds are halved.

This makes no difference where each company pays tax at the full rate, nor when both or all companies have total taxable profits below the lower threshold.

Where the thresholds are reduced, this can make a difference, usually to the company's disadvantage, though it is possible to benefit.

For example, a company with taxable profits of £300,000 decides to launch a new venture which is expected to earn profits of £60,000. If this venture is kept within the one company, its tax will be:

£360,000 x 25% = £90,000

If it is decided to put the new venture into a new company, the thresholds are halved.

So the £50,000 becomes £25,000. The new company will pay tax thus:

£60,000 x 25% = £15,000

less marginal relief

(£60,000 -£25,000) x 3/200= £525

tax paid by new company £14,475

The original company will pay tax at:

£300,000 x 25% = £75,000

So the total tax for both companies is:

original company £75,000

new company £14,475

total corporation tax £89,475

There is a small saving of tax — just £525 — by putting the new venture into a new company.

In practice, it should be remembered that the tax advantage is usually small relative to the amount of tax involved. In the example above, the tax saving is less than 0.6% of the tax otherwise due. If the figures vary, it is possible that forming an associate company could increase the overall corporation tax.

This small tax saving arises when the total amount that falls between the threshold is reduced. It reduces the amount of profit taxed at 26.5% and taxes it at 25% instead.

A new requirement is to be introduced in 2022 regarding **allowance statements** for structures and building allowance (SBA).

Such statements will be required to include the date from which SBA is claimed. This is to prevent subsequent owners of the structure or building from reasonably assuming that SBA started on the day the asset was first brought into use.

There are now 130 countries that are agreeable to having a minimum 15% **corporation tax rate**, it was reported on 1 July 2021. The Organisation for Economic Co-operation and Development (OECD), which is pressing for this change, believes that such a move would generate an extra £109 billion in taxes globally. The UK supports the scheme.

The move is designed to stop international tech companies “tax shopping” to find low tax regimes.

The low tax regimes of Ireland and Hungary have not joined the scheme. The Republic of Ireland has a corporation tax rate of 12.5%; Hungary has 9%. The UK rate is 19%; the US rate is 21%.

All the G20 countries support the idea.

Some businesses that qualified for **business rates** relief during coronavirus lockdown chose to return the payments when they had not been adversely affected.

Under the strict rules of tax, they would still have been taxed as if they had received the relief. Finance Act 2021 includes a specific provision to ensure that relief is given for such repayments.

A **potato storage facility** is plant for the purpose of capital allowances.

The taxpayer grows 28,000 tons of potatoes to make crisps. The potatoes are sold to crisp manufacturers, of which Walkers is its biggest customer.

Growing crisping potatoes is a specialised activity as a constant supply must be maintained throughout the year. Potatoes must be stored in a controlled environment. Without that, potatoes will last only a few weeks. A minor reduction in quality could cause Walkers production problems.

The company is paid a base price plus a bonus based on the level of defects per ton. Up to 5.08 defects per ton attracts a maximum bonus of £20 per ton. These bonuses represent 67% of the company’s profit.

The process of preserving potatoes involves drying their skin and lowering the temperature slowly. The store requires large amounts of air to be introduced for a short period. This is managed by a computer control using a sophisticated algorithm. The cladding is specially designed to regulate the interior temperature.

There is a special floor to prevent damage to potato skins. There is a separate mixing or plenum chamber for mixing internal and external air.

The tribunal found that the facilities were plant and not just storage, and so qualified for a capital allowance.

The case report can be downloaded from

<https://financeandtax.decisions.tribunals.gov.uk/judgmentfiles/j12156/TC08203.pdf> .

JRO Griffiths Ltd [2021] TC 8203

HMRC has changed its **liquidation processes** for recovering corporation tax, it was disclosed on 21 July 2021.

Companies House routinely notifies HMRC about insolvent liquidations. If, during the period of the liquidation, there is no activity that gives rise to a charge for corporation tax, there is no need to submit a nil corporation tax return.

The notification from Companies House stops the issue of form CT603, annual notice to file.

There is no change for solvent liquidations or administrations.

The government announced on 20 July 2021 that it is to introduce legislation to amend the law on **hybrid mismatches**. These arise when entities are taxed differently by different countries. The change ensures that the legislation applies to entities that are seen as transparent in their home jurisdictions, such as limited liability corporations in the USA.

The next Finance Act will include provisions to make clear that **local authority COVID grants** are not subject to income tax, the government announced on 20 July 2021.

The government announced on 20 July 2021 that it will be producing draft legislation on **asset holding companies** (AHCs) to make the UK an attractive place for such companies.

Personal tax

On 20 July 2021, the government announced changes to the **reporting requirements** for small businesses and the self-employed. The changes were due to be introduced in 2023, but have been deferred to 2024.

The main change is that profits will be taxed as they arise during the year, rather than on profits in the period ending in the tax year. This means trading profits will be paid earlier. It will also align trading profits with profits from property and investments. In effect, this will abolish basis periods for income tax.

One consequence of the current system is that profits in the early years are often taxed twice. This double taxation is refunded as overlap relief when the business closes which may be decades later. Overlap relief is paid at the same figure as the double taxation with no allowance for inflation. Only about half of those eligible to claim overlap relief do so. Overlap relief may also be claimed when a business changes its accounting date.

HMRC says that the current rules lead to many mistakes in tax returns. The current basis for assessing profits is called the current year basis (CYB). This was introduced in 1994 to

replace the previous year basis (PYB) which was even more complex. Under PYB, elections could be made so that some years' profits were taxed twice and others not taxed at all.

No details have yet been issued on how the new change will be given effect. When the previous change was made in 1994, there was one year where the tax was charged on the average of two years' profits. In other words, two years were taxed on only half of their profits. This gave plenty of scope to save tax by shifting profits into those two years. This could happen again.

The consultation on the draft legislation runs to 14 September 2021.

When a **residential property** in the UK is sold, a capital gains tax return is generally required within 30 days. It is no longer sufficient to disclose it later on the annual tax return. Penalties have been issued when a return was not made within 30 days.

A new issue now appears to have arisen as the capital gain must still be reported on the annual tax return. The 30-day return is not sufficient disclosure on its own. In other words, the taxpayer is required to give the same information to HMRC twice.

The Budget in March 2021 announced a temporary extension whereby losses that arose for periods ending between 1 April 2020 and 31 March 2021 (2020/21 and 2021/22 tax years for unincorporated entities) may be carried back for offset against profits of the three previous years, instead of one.

The Finance Bill makes clear that this does not apply to losses from **furnished holiday lettings**.

Payments of **self-employed income support scheme** (SEISS) are changed from the provisions introduced in 2020.

These coronavirus payments to the self-employed are taxable as income. Finance Act 2020 made them taxable in 2020/21. As the payments were extended, Finance Act 2021 makes them taxable in the tax year they are received.

The next Finance Act will ensure that two new **social security benefits** introduced in Scotland are not subject to income tax. Scotland has introduced eleven new benefits since gaining responsibility. Some of these replace UK benefits.

The new benefits are Child Winter Heating Assistance (introduced November 2020) and Short-Term Assistance (introduced July 2021).

The six-year rule for **crediting income tax** from trust payments must be applied strictly, the High Court ruled on 13 July 2021.

The case concerned a non-resident trust (based in Guernsey) that distributed income from the UK to UK resident beneficiaries. The law generally allows the benefit from income tax paid on the income received by the trust to pass to the beneficiaries if made within six years of the trust receiving the income.

In this case, the trust in tax year 2018/19 distributed income received from UK sources. The beneficiaries claimed tax relief.

HMRC allowed it for 2012/13 and subsequent years, but not for earlier years.

The beneficiaries sought judicial review of extra-statutory concession B18. They unsuccessfully argued that B18 did not impose a time limit. The Court found that B18 sought to enforce the six-year time limit. Even if there was ambiguity in a concession, that would be resolved in HMRC's favour.

The case report can be downloaded from

<https://www.bailii.org/ew/cases/EWHC/Admin/2021/1914.html> .

The next Finance Act will include provisions so that compensation payments in respect of **London Capital and Finance** are not subject to capital gains tax or income tax. The provision will apply retrospectively from the date payments are made.

Problems have arisen for **disabled children** who have child trust funds (CTFs), according to George Dixon writing in *The Times* on 3 July 2021.

CTFs are a tax-advantaged scheme that was established in 2005 and stopped for new claimants in 2011. They are now replaced by Junior ISAs.

A CTF was opened for every child born between 31 August 2002 and 2 January 2011. The government contributed an initial £250. Parents and other people could add up to £1,200 a year. Children may have the funds from their 18th birthday. The first funds matured in September 2020. The funds may be claimed only by the young person.

A problem has arisen when the young person does not have the mental capacity to make the claim. An application by the parents may only be made with permission from the Court of Protection. This requires a payment of £400 in court fees, and up to £350 to the doctor for a certificate certifying incapacity. The process can then require up to 59 forms to be completed.

CTF companies have come up with their own solution. It allows funds with up to £5,000 to be withdrawn on completion of five forms and a doctor's certificate. More than 500 families have had funds released this way. It is not within the law but no action has been taken against the companies. Only 11 funds have been released through the Court of Protection.

In January 2021, a government working group looked at the problem, but has made no real progress. The Court of Protection says it sees no reason to change its procedures.

A **discovery assessment** was dismissed, even though the taxpayer admitted that he owed the money.

The taxpayer was made redundant in 2013. His payslips were provided electronically. Since leaving, he no longer had access to them. Until his redundancy, the taxpayer paid tax under PAYE and had not completed a tax return.

To complete a tax return, the taxpayer took trouble to read HMRC guidance. This said that earnings from employment could be taken from a P45. This he did, subtracting £30,000 as a tax-free termination payment. The taxpayer had not realised that this £30,000 had already been allowed in calculating his PAYE. In effect, therefore, the termination payment of £30,000 had been claimed twice.

A discovery assessment is issued under Taxes Management Act 1970 s29. For HMRC, the bar is set very low by s 29(1). The conditions for a discovery assessment are set out in sections 29(4) and 29(5). This means that a discovery arises if either the taxpayer was careless in

completing his return, or that there was insufficient information for HMRC to be aware of any insufficiency. The tribunal found that neither condition had been met.

On the former point, the taxpayer took great care in completing his tax return, and complied with HMRC's published guidance. HMRC's argument that he should have kept copies of his payslips was dismissed. This is not what the guidance says, and it would not necessarily have made it obvious that the £30,000 had been allowed.

On the latter point, the tribunal did not accept that HMRC had insufficient information. Although HMRC had this information under PAYE information provided by the employer under Real Time Information (RTI), HMRC said this is not information within the meaning of s29(6)(d)(i). HMRC is not obliged to "search through its vaults" to find other information. The tribunal disagreed. RTI information is readily available and falls within the scope of s29(6)(d)(i). As neither condition was satisfied, the appeal against the discovery assessments was allowed.

The case is significant for its observation that PAYE information accurately provided by an employer under RTI can prevent a discovery assessment for underdeclared employment income.

The case report can be downloaded from

<https://financeandtax.decisions.tribunals.gov.uk/judgmentfiles/j12151/TC08198.pdf> .

Alan Loughrey [2021] TC 8198.

Valued added tax

On 20 July 2021, the government announced new measures to deal with **electronic sales suppression** (ESS). This is where a till or similar means of recording sales can be operated so as to produce a lower figure. such as for VAT returns.

There will be new specific offences of possessing, making, supplying and promoting hardware and software for ESS.

There will also be powers for HMRC to identify developers and suppliers of ESS. This includes the right to access developers' source code, and the locations of code and data.

A First Tier Tribunal dismissed various grounds for appealing against a penalty for **late payment**. The company entered the late payment regime for the quarterly return to February 2017. No penalty was imposed but a surcharge liability notice was issued, saying that penalties would be issued for further lateness.

In November 2017, the company became liability to make payments on account as its VAT liability for the qualifying period exceeded £2.3 million. The letter from HMRC explained that the seven-day extension for online filing no longer applied. Payments had to be made by the last day of the month. The letter also said that payments on account may not be made by direct debit, and advised that three days should be allowed for cheques to clear.

The company said that some information was not exchanged when there was a change of engagement manager at their accountants. An inadequate handover was not reasonable excuse.

Other arguments for reasonable excuse were advanced, but none were accepted.

The case report can be downloaded from

<https://financeandtax.decisions.tribunals.gov.uk/judgmentfiles/j12159/TC08206.pdf>

One Motion Logistics Ltd [2021] TC 8206.

A tribunal dismissed a **VAT assessment** on a Chinese restaurant run by a married couple. HMRC believed that sales income had been suppressed. Its assessment was based on a single test purchase one evening and an invigilation process, mainly that declared sales increased after HMRC served its assessment.

The assessment was flawed for several reasons. It ignored other factors for the increase in sales such as a price increase, a local delivery of menus, and the closure of competitors. Also, HMRC did not explain *how* the sales incomes had been suppressed.

The tribunal accepted that there had been an underdeclaration but for a lesser amount. The case report can be downloaded from

<https://financeandtax.decisions.tribunals.gov.uk/judgmentfiles/j12166/TC08213.pdf> .

Brough East Yorkshire Ltd [2021] TC 8213.

A company was not entitled to claim **onwards supply relief** from VAT as it neither acquired the goods nor brought about the supply of goods in its own name.

The company acted as an import agent for goods from China between 2014 and 2017. These were onward supplied to other countries in the European Union. The goods never entered the UK.

The case report can be downloaded from

<https://financeandtax.decisions.tribunals.gov.uk/judgmentfiles/j12160/TC08207.pdf> .

Scanwell Logistics (UK) Ltd [2021] TC 8207.

Following a consultation, HMRC has decided that there is no need to change the rules for **VAT groups**. This is when one or more entity has a single VAT registration.

National insurance

In July 2021, it was reported that the government was considering an increase in national insurance to **fund social care**. The government is believed to be considering a cap on social care of £50,000 to be paid by the person needing care, and the rest to be funded by the state.

Press reports later suggested that the government had decided to increase both employer's and employees' national insurance by 1 percentage point. This should raise £10 billion a year. The arrangement has been criticised as national insurance is paid only by those who have yet to reach state pension age, currently 66.

HMRC has provided revised guidance on those who work in the **European Economic Area (EEA)**. This comprises the 27 countries of the European Union plus Iceland, Liechtenstein, Norway and Switzerland.

Someone who works in the EU, Norway or Switzerland only pays national insurance, or the country's equivalent social security payment scheme, in one country. This is usually the country where the person is working.

For certain occupations or where the work is temporary, the worker may be able to get a certificate allowing the worker to pay contributions in the UK only. This may be obtained by the worker or the employer.

The certificate is available if the worker:

- is working temporarily in the EU for up to two years,
- is a multi-state worker working in the UK and one or more EU countries
- is a civil servant working for the UK government
- is working on a vessel at sea under a UK flag, or
- is working as a member of flight or cabin crew where the home basis is in the

UK.

The worker must be:

- a national of the UK, Iceland, Liechtenstein or Switzerland who started working in one of those countries before 1 January 2021 and has been working there since
- a national of Iceland, Liechtenstein, Norway or Switzerland who was resident in the UK before 1 January 2021. This includes those who acquired settled status under the scheme for EU residents
- a family member of a UK resident (as defined above),
- a person of dual nationality, where at least one nationality is of Iceland, Liechtenstein, Norway or Switzerland, or
- a national of the UK, Iceland, Liechtenstein, Norway or Switzerland who is a multi-state worker who was working in two more countries of the UK, Iceland, Liechtenstein, Norway or Switzerland before 1 January 2021 and who predominantly works in the UK.

A person may also apply for a certificate if covered by the EEA-EFTA Separation Agreement of Swiss Citizens' Rights Agreement.

There are also separate schemes for people working in Iceland, Norway or Switzerland.

For Iceland, a certificate may be obtained for an employee who is a non-UK and non-EEA national temporarily working for up to one year. This can be extended to a second year but requires approval from the Icelandic authority before the end of the first year.

For Norway, a certificate may be obtained if working there temporarily for up to three years. The certificate should be applied for in the four months before starting work there.

For Switzerland, a certificate may be obtained if working there temporarily for up to two years. A self-employed person must pay Swiss social security.

A person who is not eligible for a certificate will generally continue paying UK national insurance for 52 weeks, provided:

- the employer has a UK place of business,
- the worker is ordinarily resident in the UK, and
- the worker was living in the UK immediately before starting to work abroad.

If those conditions are not met, the worker will be required to pay social security contributions in the country where working. The worker is not liable to pay UK national insurance, but may be able to do so voluntarily.

The form to complete can be downloaded from the Internet at <https://www.gov.uk/guidance/national-insurance-for-workers-from-the-uk-working-in-the-eea-or-switzerland> .

Inheritance tax

HMRC has produced revised **guidance** on whether someone has to pay inheritance tax.

The guidance can be found at <https://www.gov.uk/valuing-estate-of-someone-who-died/estimate-estate-value>.

Stamp taxes

Tax history was made on 19 July 2021 when the last **stamp duty press** was decommissioned. Such presses have been in use since the tax was introduced in 1694 to raise funds to fight the French.

The Office of Tax Simplification recommended in 2017 that physical stamping be ended. It described the process as “anachronistic and cumbersome”. At that time, 103,000 documents were still being physically stamped each year. A straightforward stamping typically took five working days, with more complex transactions taking 15 days. These deadlines were not met in about 30% of cases. Most other countries have stopped using physical stamps.

There was a same day stamping facility which was used for fewer than 50 documents a year. Solicitors and accountants devised workarounds to deal with these delays. These usually involve a declaration of trust. Sometimes these declarations were not effective because they were not properly executed. They sometimes cannot be legally used, such as for a scheme of arrangement under Finance Act 1986 s77.

Stamp duty is a curious tax. Strictly, it does not tax transactions but taxes the sheets of paper, parchment or vellum that give effect to the transaction. Alternatively stamp duty could be paid by affixing a special adhesive stamp or by preparing the document on prestamped paper.

For more than three centuries the only enforcement of the duty was that a contract or other transaction was not legal unless it was given effect in writing on stamped paper, parchment or vellum. A company’s register of members may not be updated until a stamped transfer document is submitted. If a document is not stamped when it should be, it could be liable for stamp duty reserve tax, another different tax, whose rates are generally higher. A document that needs to be stamped cannot be relied on in civil proceedings unless it has been stamped.

Stamp duty was charged on a wide range of documents, including ordinary cheques and receipts until 1971. Other abolitions soon followed: capital duty on forming companies in 1988; unit trust investment duty in 1988, life insurance duty in 1990, and Northern Ireland banknotes in 1991

Stamp duty was also charged on some tangible items. The fancy design for the ace of spades in a pack of cards originated from when playing cards were dutiable. During 18th and 19th centuries. stamp duty was charged on a large range of documents, including newspapers, lottery tickets and medicine labels.

The tax was generally paid by being impressed by such a machine. Many regional stamp offices closed from 2003 when stamp duty was replaced for property transactions. Gradually, the scope of stamp duty has reduced. Property transactions ceased to be subject to stamp duty in 2003. Although this is still referred to as stamp duty, it is actually a completely separate tax called stamp duty land tax which has never involved stamps of any kind.

Stamp duty is now almost entirely confined to the few transactions in shares and some other securities which are outside the CREST settlement system. Most transactions are stamped by online methods or by computer methods such as issuing a statement that a document has

been "stamped". Such methods were developed during the coronavirus pandemic, and are considered to be more efficient and so have been made permanent. From 2000, electronic stamps were allowed under Electronic Communications Act 2000.

The original presses simply embossed the paper. In the 1870s, ink technology improved so that different colours were used for different values. Eventually dies were produced for a range of values between 50p and £1 million. Only one machine could use the highest value dies.

The last six machines were based in Birmingham. They are all more than 100 years old. They each weigh 685 kilograms, more than two-thirds of a ton. They were made by Glover and Co, an engineering firm that was based in Wharf Road, London.

Three of the machines will be kept by HMRC as exhibition items in regional hubs. HMRC is looking to museums and similar bodies to accept the other three.

Stamp duty is still regulated by Stamp Act 1891, which has been amended many times but not repealed. A proposed consolidation in 1983 did not happen. The physical withdrawal of stamp dies was gazetted on 18 June 2021 under Stamp Duties Management Act 1891 s22. The use of dies has been stamped out.

Following responses to a consultation, HMRC is looking at how to **modernise stamp duty** and stamp duty reserve tax. (This does not affect stamp duty land tax charged on property transactions).

The proposals will particularly look at scrapping the stock transfer form, and paying the tax online on a self-assessed basis.

An **annex** was not a separate dwelling from the main house, a tribunal decided on the facts of the case. Therefore it did not qualify for multiple dwellings relief from stamp duty land tax under Finance Act 2003 Sch 6B para 2(2). The house and annex were taxed as one dwelling and not two.

The house and annex were separate standalone buildings. The annex was not visible from the house because it was screened by a four-metre high hedge. The annex had sufficient floor space to meet the legal requirement for a dwelling. It also had shower and toilet facilities.

One of the two deciding factors was that the annex had no kitchen. While a property may be bought without kitchen facilities, such as a sink unit, fridge and cooker, "there should be space and infrastructure in place, eg plumbing for sink, power source for cooker etc" (HMRC Tax Manual at SDLTM00425).

The tribunal found that the annex had sufficient space for kitchen facilities to be installed, but they were not installed on the effective date of the transaction.

The other deciding factor was that access to the annex was across the garden of the main house. While this is acceptable when the occupants are known to each other, this is not suitable when the occupants are not known to each other.

The tribunal attached no significance to the fact that the properties had one postal address and one council tax registration. In themselves, these facts did not prove that the two buildings were one dwelling.

On the basis of the lack of kitchen facilities and access, the tribunal concluded that it was one property and that multiple dwellings relief could not be claimed.

John Mason [2021] TC 8216

Multiple dwellings relief from stamp duty land tax could not be claimed where there was only planning permission for the dwellings, but no construction.

Stamp duty land tax (SDLT) is a tax on chargeable interests under Finance Act 2003 s42(1). A chargeable interest is defined in s 43(1) as an estate, interest, right or power over land or (under s48(1)) the obligation, restriction or condition affecting the value of any such estate, interest, right or power.

Multiple dwellings relief may only be claimed from something which is acquired by the purchasers from the seller.

Planning permission is not something that can be owned or sold or transferred. It therefore cannot be acquired from the seller.

In each of the two cases heard together, the dwellings were constructed in accordance with the planning permission, but no dwellings had been constructed on the effective date of the transaction.

The case report can be downloaded from

<https://financeandtax.decisions.tribunals.gov.uk/judgmentfiles/j12150/TC08197.pdf>

Ladson Preston Ltd. AKA Developments Greenview Ltd. [2021] TC 8197.

Various tax matters were considered by a First Tier Tribunal in relation to the sale of **ground plots** to fund restoration work on a Grade I listed Hall in poor condition.

First, it held that this should not be taxed as a single transaction. Although it was clear from the planning permission and other documents that this was always the intention, the sale of the plots was a separate transaction from the acquisition of the Hall.

Second, the arrangements went beyond the mere sale of land. The taxpayer was engaged in construction works such as draining a pond, clearing shrubbery and installing a road. From the date that the six plots were identified to the planning authority, the work became an adventure in the nature of the trade. Therefore profits from that date were subject to income tax rather than capital gains tax. The appropriation of six plots was a disposal for capital gains tax.

Third, private residence relief is not available in respect of the sale of the plots. These plots could not be considered part of the garden or grounds of the property as they were “denatured to such an extent that none of them formed part of the garden or grounds of the Hall” (para 517). Denatured means that the area has lost the nature of garden or grounds, such as by being fenced off, ploughed, or where major construction work is in hand. Construction of a summer house, pond or folly would not denature a property as they remain part of the garden or grounds, but construction of new housing does. The issue of permitted area of the garden or grounds was also considered.

Fourth, no tax relief could be granted for “conservation deficit”. This term is the amount spent on renovating a property less its increase in value as a result of the expenditure. In other words, it is expenditure that is not reflected in increased property value. The tribunal found that this “has no basis in law and is wholly without merit” (para 570).

Fifth, the taxpayer did not hold the sale proceeds on trust to renovate the hall. The tribunal said this argument was “nonsense”. It also noted that the tax position would not be affected even if there had been a trust.

Sixth, the taxpayer asserted that there was an overriding public interest in conserving heritage property. The tribunal dismissed this as “another nonsensical submission” (para 586).

Seventh, plot 6 was held not to have been sold at arm’s length. The plot was sold at a lower price than other plots to someone with whom the taxpayer’s husband had a business relationship. There was no evidence to support the taxpayer’s assertion that the lower price was because the purchaser agreed to pay for construction of a road. The fact that the husband did not appear as a witness suggested to the tribunal that important evidence was being withheld.

This is a summary of a judgment that runs to 135 pages. The full case summary can be downloaded from

<https://financeandtax.decisions.tribunals.gov.uk/judgmentfiles/j12168/TC08215.pdf> .

Heather Whyte [2021] TC 8215.

Other taxes

The government has provided further guidance in July 2021 of the tax provisions for **Freeports**, as announced in the 2021 Budget.

Freeports are “new hubs of business and enterprise” according to the government prospectus.

Sea, air and rail ports may apply for freeport status. The prospectus sets out conditions, such as the freeport must be no more than 45 kilometres (27 miles) wide

Eighteen bids were received, of which eight have so far been approved in England:

- East Midlands Airport
- Felixstowe and Harwich (known as Freeport East)
- Humber
- Liverpool City Region
- Plymouth
- Solent
- Teesside
- Thames (Tilbury)

The exact areas are shown on maps at

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/990321/Freeport_Location_Maps.pdf .

It is intended that freeports be established in other parts of the UK. Scotland plans to introduce “green ports” on similar lines. There are 3,500 freeports in the world, including 80 in the EU. The legislation is in Finance Act 2021. The provisions take effect from 9 March 2021. The freeports are designated by statutory instrument.

Freeports are intended to provide an economic boost in areas of high unemployment and low wages. The UK had freeports between 1984 and 2012 which were not regarded as successful. The current provisions are significantly more generous in terms of tax relief.

Each freeport can have up to three “tax areas” that benefit from these tax provisions:

- customs duty is not paid on goods imported to the freeport. The goods can be processed into a final product and then either exported without any customs duty having been paid, or can be sold in the UK with customs duty applied at sale

- stamp duty land tax is not charged on qualifying land used by the purchaser for a qualifying purpose (basically a trade or profession). The transaction must be before 30 September 2026 and the return must be submitted by 14 October 2027
- the structures and building allowance is 10% rather than the usual 3%. The structure or building must be brought into use by 30 September 2026
- plant and machinery qualifies for 100% first year allowance, subject to a clawback if not used for a qualifying purpose for five years
- employer's national insurance is waived on employee earnings for 36 months, starting from April 2022, with a provision allowing the government to extend this to 2031. The employment must begin between 6 April 2022 and 5 April 2026. This relief applies to employees earning up to £26,000 a year. The employee must spend at least 60% of his or her time in a single freeport tax site to qualify. The employee pays employees' national insurance in the normal way.
- 100% business rates relief on certain premises in a tax area. The relief may be claimed from 1 October 2021 for both new and existing businesses. Relief may be claimed for five years. The first claim must be made by 30 September 2026.

Three categories of products have been removed from the categories of **plastic packaging products**, and one has been added. The tax is due to be introduced from April 2022. It is proposed to charge £200 per tonne (1,000 kilograms) for plastic where less than 30% is from recycled plastic.

The three removed categories are:

- filled packaging components with a primary storage function
- packaging components that are an integral part of goods and are necessary to enable the goods to be used or consumed, and
- packaging components designed for reuse in the presentation of good which are set aside or designated as such.

The first category excludes from tax such items as glasses cases and power tool boxes. These are usually retained by the customer and do not contribute much to plastic pollution.

The second category excludes from tax items such as printer cartridges and inhalers.

The third category excludes from tax items such as display equipment.

The category added, and so brought within the tax, items to be used once, such as bin bags and party cups.

If an item falls within both the added and a removed category, the item is excluded from tax.

These changes are given effect by *The Plastic Packaging (Descriptions of Products) Regulations 2021*.

On 20 July 2021, the government announced tougher measures to deal with **tobacco smuggling**. It is particularly aimed at repeated small-scale smuggling.

There will be a new range of penalties up to £10,000 for repeated offences.

The new sanctions will be extended for use by trading standard officers.

The First Tier Tribunal gave directions as to how four products should be classified for customs purposes. It agreed with HMRC on two products and with the company for the other two.

The four products were two **wireless charging pads**, a four-port USB charger, and a cable adapter for iPhones.

The issues involved technical details of what the products are and do. In particular, the issue concerned whether the product was primarily for telecommunications equipment. This distinction has become less clear as mobile phones, computers and other products increasingly overlap in their functions.

The case report can be downloaded from

<https://financeandtax.decisions.tribunals.gov.uk/judgmentfiles/j12148/TC08195.pdf>

Belkin Ltd [2021] TC 8195

There will be new rules on locating the risks for **insurance premium tax** (IPT), the government announced on 20 July 2021. The criteria will be included in the next Finance Act.

The government-backed National Food Strategy produced a report on 14 July 2021 saying that a new tax should be charged on products with high levels of **sugar or salt**. This could raise £1.4 billion a year. The report backed away from suggesting a new tax on meat.

The government had promised to publish its response within six months.

An appeal against a penalty for an **excise offence** was allowed even though the appeal against the offence was dismissed.

Mr Puiu was stopped at Luton Airport in October 2018 and found to have 9,600 cigarettes from Romania (an EU country) which were seized. A penalty was imposed. An excise duty assessment was issued for £2,719 and a penalty of £1,046. Puiu claimed the cigarettes were for the personal use of himself and family members.

Puiu satisfied the tribunal that these goods were for personal use. He gave evidence of who smoked what brands. Such evidence was consistent with the cigarettes seized. However the tribunal has no power to make such a finding.

The tribunal could dismiss the penalty and did so. Puiu had a poor understanding of English and was not offered an interpreter. He was not provided with a leaflet setting out his rights, nor were these properly explained to him.

The case report can be downloaded from

<https://financeandtax.decisions.tribunals.gov.uk/judgmentfiles/j12154/TC08201.pdf>

Mr Gheorghita Puiu [2021] TC 8201

Transport for London is consulting on whether to cut the hours of the **congestion charge** from 10pm to 6pm at weekends. This would help theatres. The current rate is £15 a day, every day, from 7am to 10pm. These hours and charge apply from 22 June 2020.

French councils are imposing a surcharge of up to 60% on second homes in a move to lower property prices in holiday destinations, it was disclosed in July 2021. There are 86,000 Britons who have second homes in France. The measure applies to all second home owners, including those whose first homes are in France or another country.

Those with properties in rural areas are unaffected, but it will affect the 8,60 with second homes in Alpine ski resorts, and in places like Biarritz, Nice, Lyons and Bordeaux. These provisions are made under a law passed in 2015 to relieve housing “tensions”.

The average council tax in France is €1,000. The second home surcharge has prompted about 5% of such home owners to sell.

Tax administration

The *Tooth* case on the significance of “white space” on a tax return also ended the concept of **staleness** and clarified that the bar is set very low for discovery assessments.

Staleness is the concept that a discovery assessment can become stale, and thus unenforceable, by the passage of time. The First Tier Tribunal expressly stated this in the case *Ahmed Jafari [2019] TC 7465*, and the upper tribunal in the case *Beagles v HMRC [2018] UKUT 38 (TCC)*. Perhaps more importantly, the Court of Appeal upheld the concept when it heard the *Tooth* case in 2019.

The Supreme Court has ended the notion that there is such a concept as staleness for tax. Para 75 of the Court’s judgment says, in part “a discovery is a particular event in time, and does not cease to be such with the passage of time.”

Para 76 says in part, “there is no place for the idea that a discovery which qualifies as such should cease to do so by the passage of time. That is unsustainable as a matter of ordinary language and, further, to import such a notion of staleness would conflict with the statutory scheme. That sets out a series of limitation periods for the making of assessments to tax, each of them expressed in positive terms that an assessment ‘may be made at any time’ up to the stated time limit.”

On discovery, the Court confirmed “a discovery within the meaning of what is now section 29(1) of the [Taxes Management Act 1970] may consist simply in a new appreciation of the legal significance of a set of circumstances” (para 75). This lowers the bar so much that is barely above the ground.

The government has published the results of its consultation on proposals to clamp down on **promoters of tax avoidance schemes**. There was broad consensus on the principles though concerns were expressed on some details.

The government has produced draft legislation for the Finance Act 2022. These will give HMRC new powers to:

- obtain a freezing order where there is a risk that the promoter would move or dissipate assets
- impose additional penalties on UK bodies that help tax avoidance from offshore promoters where at least £100,000 in penalties has been charged. The penalty can be as much as the total fees earned from the avoidance scheme
- wind up a company operating against the public interest, such as by not complying with anti-avoidance obligations or which leave taxpayers with large tax bills
- publish details of promoters and schemes. There will be 30 days for a promoter to say why he or she should not be named.

More **anti-avoidance provisions** were announced on 20 July 2021. It is intended that these be included in the next Finance Act.

The four new powers are:

- where promoters are offshore, to hit any associated UK entity with “harsh penalties”
- giving taxpayers more information about tax avoidance schemes so they understand the reality of what is being sold to them
- clamping down on promoters who dissipate or hide their assets as a means of avoiding payment of penalties. HMRC will have a new power to freeze the promoter’s assets
- allowing promoters to be shut down completely when they continue to promote schemes, and preventing them from setting up similar businesses.

HMRC was liable to pay costs for **unreasonable conduct** when it included documents in a list for a hearing but refused to disclose them. “It must therefore, be reasonably expected that all documents on a party’s list of documents have been considered and appropriately determined to be relevant to the appeal and documents which may then be requested by the other party. To seek to refuse to make disclosures once the documents have been included on the list of documents and to seek to amend a list of documents to exclude (rather than introduce) documents is not conduct to be reasonably expected of a represented party of any sort” (para 25).

This was one of two episodes of questionable conduct by HMRC. The other was its non-compliance with a tribunal direction to serve witness statements. The tribunal noted that while this showed disrespect by HMRC to the tribunal and the taxpayer, this did not in itself justify a costs order.

Costs were awarded against HMRC in respect of the non-disclosure of the documents. HMRC instead withdrew its assessment, which it should have done sooner. Costs were not awarded for other elements of the claim.

The dispute to which the costs order was sought related to VAT on intra-EU supplies in 2015.

Lenity Limited [2021] TC8217

HMRC may only issue a **follower notice when** there is no reasonable scope for a disagreement that the earlier ruling has effect. It is not sufficient that the earlier ruling was “likely” to have that effect. The Supreme Court so ruled on 2 July 2021.

Follower notices are anti-avoidance provisions introduced by Finance Act 2014. Where a matter has been litigated and a tax scheme has been found to be ineffective in an earlier ruling, HMRC may issue a follower notice requiring tax to be paid by other taxpayers as if the scheme had not been put into effect. A taxpayer receiving such a notice has a choice of complying, or of not paying and risking an additional penalty. The Court noted that such notices had “raised the stakes” significantly for tax avoidance. It also noted that the provision has been described as draconian.

Finance Act 2014 s197 sets out four conditions that must be met for a notice to be issued. Condition C is that there has been a judicial ruling relevant to the arrangement.

The Court held that denying a taxpayer the right of access to the courts was an extreme provision where the provisions must be interpreted strictly.

Section 205(3) of the Act said “the principles laid down, or reasoning given, in the ruling would, if applied to the chosen arrangements, deny the asserted advantage or part of that advantage”. The case turned on the meaning of the word “would”. This applies a high standard of certainty and not mere likelihood.

The Court set out four standards HMRC should follow.

R (Haworth) v HMRC [2021]. SC. The Times 12 July 2021.

The Scottish government held meetings on 2 July 2021 with the UK government to introduce two “**green ports**” in Scotland to match the freeports in England.

The green ports will offer similar customs and tax provisions to freeports, but with additional requirements to adopt fair work practices and to contribute to Scotland moving to a net zero carbon economy.[]

HMRC has published its **performance data** for the 2020/21 data. It noted that this was a difficult year as it had to deal with coronavirus and Brexit, in addition to normal tax services.

It notes that HMRC:

- built the coronavirus services from scratch in just six weeks
- made payments under the furlough and self-employed schemes within six days
- made eat-out-to-help-out payments within five days
- handled 2.5 million COVID helpline calls
- answered callers to this helpline within 3 minutes and 6 seconds, falling to 1 minute and 16 seconds by the end of the year
- trained 3,000 staff in 50 new processes related to Brexit
- published 500 Brexit guidance updates
- hit the target of clearing 95% of cross-border transactions within 2 hours, and 100% within 4 hours
- answered 70,000 calls on the customs and international trade helpline within 5 seconds
- achieved 85.2% satisfaction from taxpayers on online services
- introduced new digital services such as for digital stamps
- coped with a 70% increase in claims for working from home expenses
- answered telephone calls on tax within 15 minutes 23 seconds (for which poor service HMRC apologises).

A company of former US **President Trump** and its finance chief were charged with tax offences in New York, USA on 1 July 2021. The charges were made against the Trump Organization and chief executive Allen Weisselberg. No charges were made against Donald Trump himself.

The charge is that the company evaded \$1.7 million in tax over 15 years by the use of off-the-books accounting. Trump has said that the charges are politically motivated by Democrats.

Pensions

The **normal minimum pension age** (NMPA) is to be increased from 55 to 57 from April 2028, as previously announced.

On 20 July 2021, the government confirmed that legislation for this will be included in the next Finance Act.

Members of uniformed public service pension schemes and others who have an unqualified right to take a pension below the age of 57 will be protected. Such a lower pension age remains protected if the person transfers their pension.

The government is consulting on proposed changes to the cost control mechanism and the discount rate methodology used in **public pension schemes**, the government announced on 1 July 2021.

The cost control mechanism is designed to ensure a fair balance of risk between the cost of public pensions between members and the Exchequer. Following a review by the government actuary, there is concern that the mechanism is not operating in accordance with its objectives, particularly with regard to extraordinary and unpredictable events.

The proposals include three changes:

- removing any allowance for legacy schemes so that the mechanism considers only past and future service accrual in the reformed schemes
- widening the “corridor” to reduce the frequency of breaches
- introducing an economic check so that a breach would only be implemented if it would have occurred if long-term economic assumptions had been considered.

More details can be found at <https://www.gov.uk/government/news/proposed-reforms-to-cost-control-mechanism-and-discount-rate-methodology> .

On 19 July 2021, it was announced that 100,000 postal workers are the first to join a new type of pension scheme called the **collective defined contribution (CDC)** scheme.

The scheme operates by the employer and employees contributing to a fund from which individual retirement incomes are provided.

CDC schemes are overseen by The Pensions Regulator.

Women were not given sufficient warning of changes to their **state pension age**, the pensions ombudsman ruled in July 2021. The comments apply to 3.8 million women born in the 1950s. In 1940, women were temporarily allowed to claim their state pension at 60 rather than 65 to reflect the fact that many of them had not been able to work for enough years to establish an entitlement.

Women born from 6 April 1950 have seen their state pension age gradually increased to that of men. Women born from 6 November 1953 now have the same pension age as men. This is currently 66.

The ombudsman has no power to order any change, nor to direct that pensions be made up. It is unlikely to lead to a change as the matter has already been litigated in favour of the government.

On 20 July 2021, the government announced that it will extend the reporting and payment deadline for individuals to ask their pension scheme to settle their annual allowance charges

from previous years by reducing their future pension benefits in the process known as ‘**Scheme Pays**’. The change will be introduced in the next Finance Act.

This will resolve a technical issue that arises within the pension tax framework as a result of the Government’s planned remedy for addressing the age discrimination found in the 2015 public service pension reforms (the ‘McCloud Case’). The Government will make further technical updates to pension tax rules as necessary to remove any other anomalies as a result of the remedy.

Welfare

More than £3 billion could be sitting in **child trust funds**, according to the charity Share Foundation.

Almost every child born between 2002 and 2010 has a child trust fund. These can be accessed by the child from his or her 18th birthday. So the first funds were accessed from September 2020. The funds are worth an average of £1,500.

The charity believes that two million young people, about one third, either do not know they have the fund or have lost the details. Of the 525,000 accounts that could be claimed by 31 May 2021, only 305,000 have been claimed. They are worth £554 million.

Accounts may be traced through HMRC or the free search CTF Register.

The £20 a week uplift in **universal credit** during the pandemic will end in autumn 2021, the government confirmed on 7 July 2021. The works and pensions secretary said it would be “phased out”.

The removal was criticised by six former works and pensions secretaries: Stephen Crabb, Sir Ian Duncan Smith, David Gauke, Damian Green, Esther McVey and Amber Rudd.

Universal credit (UC) is a means-tested benefit that replaces six existing means-tested benefits. The advantage of UC is that a person continues to receive it as they move between employment, self-employment and unemployment. They no longer need to move from one benefit to another. It also addresses other problems such as a claimant receiving little extra benefit when increasing their working time from 16 to 24 hours a week.

The system works by determining an award based on circumstances. This amount is paid in full if the claimant has no relevant income.

A claimant has allowances which may be disregarded in determining how much they receive. The current (2020/21) work allowance is £293 a month. There are other allowances to reflect the claimant’s housing, family and health.

If the claimant earns more than the allowances, the award is reduced by a taper rate. This was supposed to be 55% but was introduced at 65%, later reduced to 63%. If we regard the withdrawal of benefit as equivalent to tax (and it has the same effect), the claimant is in effect paying very high marginal rates of tax. Depending on circumstances, an extra £1 earned can mean another 20p income tax and 12p national insurance paid, leaving 68p. The 63% taper is applied to this 68p, meaning that another 43p (42.84p rounded) is removed from the award. The claimant is left with a net gain of 25p. In other words the claimant has, in effect, paid tax of 75%. A millionaire earning an extra £1 pays a marginal rate of 47%: 45p income tax and 2p national insurance.

The work allowance is per household, not per person like an income tax allowance. This means that if a spouse or other partner earns some money, the whole of that amount is subject to the taper.

Fast track access to benefits for the **terminally ill** is to be extended, the government announced on 8 July 2021.

The existing access requires a consultant to say that a patient is expected to die within six months.

The new provision extends this to 12 months for five benefits.

This will apply from 2022 for universal credit and employment and support allowance, to be followed later for attendance allowance, disability living allowance and personal independence payment.

The government has agreed to pay **bereavement support payment** (BSP) to a cohabitee who has children with the deceased, it was announced on 15 July 2021. Previously BSP was only paid where the deceased was the spouse or civil partner.

The change is backdated to 30 August 2018, with backdated amounts paid as a lump sum.

BSP was introduced for deaths from 6 April 2017. It is a tax-free lump sum followed by 18 monthly payments. It is payable where either party paid national insurance for at least 25 weeks in one tax year since 1975 or died because of a workplace accident or illness. The deceased must have died before reaching state pension age, currently 66.

If the surviving partner was receiving child benefit, they get the higher rate of a lump sum of £3,500 and monthly payments of £350. Otherwise, they receive a lump sum of £2,500 and monthly payments of £100.

The government proposes to align the exemption for **prescription payments** with the state pension age. A consultation was launched on 1 July 2021.

At present someone is exempt from the prescription charge when they reach the age of 60, regardless of whether they are male or female. This age limit was set in 1974.

The proposal is that the age is raised to when the person is eligible for the state pension, which is currently 66. There may be a grace period where people aged between 60 and 65 will continue to receive free prescriptions.

Prescription charges yield about £700 million a year for the National Health Service. It is believed this change will increase that yield by another £300 million by 2026/27. By 2066, it is estimated that 26% of the population will be 65 or older.

Over 1.1 billion items were dispensed on prescription in 2018, almost 90% of which were not subject to the prescription charge.

There are no planned changes to other exemptions. These apply to those under 16, those aged between 16 and 18 in full-time education, those on low incomes, expectant and new mothers, and those who have certain medical conditions.

As at 1 July 2021, 440,000 **tax credit** claimants had not renewed their claims. Renewal must be made by 31 July 2021 to continue receiving payments.

Limiting **tax credits** to two children is compatible with the law on family life. The Supreme Court so ruled on 9 July 2021.

The test case was brought by two applicants, one of whom had three children, and the other had five.

The law is Tax Credits Act 2002 s9. This section was amended so that, where a child is born on or after 6 April 2017, a claimant receives no additional child tax credit if the claimant was already receiving benefit for two children. This is subject to a few exceptions, such as the birth of twins. At the time of its introduction, the government said that working parents had to ensure they could afford a third or subsequent child. A benefit claimant should be treated the same.

The claim was that this law was discriminatory and interfered with the right to family life in the European Convention on Human Rights.

The Court considered the various arguments put forward. It noted, for example, that there were no restrictions on the size of family, but that does not require the state to provide additional income for each extra child.

R (C and others) v Secretary of State for Work and Pensions. [2021] SC. The Times 20 July 2021.

Adam Cooper, the ballet star of Matthew Bourne's production of the Tchaikovsky ballet *Swan Lake* in the 1990s revealed that he had to live on **universal credit** as he could not find work and did not qualify for the furlough scheme. He could not secure alternative work, even applying to drive lorries. He said that many other performers were in a similar position. Cooper is due to be a principal in the cast of *Singin' In The Rain* at Sadlers Wells in August 2021.

The gap between first and second **coronavirus vaccinations** reduced from 13 weeks to 8 weeks, it was announced on 5 July 2021. The reduction is to increase the number of people fully vaccinated when restrictions are lifted.

Eligible families in Scotland may claim a grant to pay for **school uniforms**, the government announced on 5 July 2021. The maximum grant is £120 for a primary school pupil and £150 for secondary school pupil. The money is provided through the local authority.

Scottish children will be able to learn a **musical instrument** free in Scotland, after the Scottish government announced on 14 July 2021 a £7 million fund to pay for tuition.

By 18 July 2021, every adult in the UK had been offered at least one **vaccination** against coronavirus.

At that date 46 million adults (87.9%) had received one dose, and 36 million adults (68.5%) had received both doses.

From 26 July 2021, new regulations in Scotland require local authorities to try to keep **siblings** together. If this is not possible, provision must be made for them to retain contact. The provision is introduced under the Looked After Children (Scotland) Amendment Regulations 2021.

Apsana Begum MP was cleared of benefit fraud on 30 July 2021. The member for Poplar and Limehouse was charged with defrauding Tower Hamlets council of £63,928.

It was alleged that she made false claims to get on to the council's priority housing list. The council said that it accepted the verdict.

Accounting

The Financial Reporting Council (FRC) is conducting its second triennial review of Financial Reporting Standard **FRS 102**. As many tax provisions follow the accounting treatment, Financial Reporting Standards are, in effect, part of tax law.

The main issues are how best to incorporate the two international standards on leases and profit recognition. The former is of less relevance to tax practitioners as there are special tax provisions for leases. The latter is of greater relevance as it determines the point at which a profit is taken to the accounts and becomes taxable. These changes will be reflected in FRS 102; the issue is simply how.

The FRC is also considering whether to incorporate the provisions of international standard IFRS 9 on financial instruments.

Two other matters are being considered: cryptocurrencies and climate change. Neither of these is subject to any international standard, so the FRC must decide whether to wait for an international standard or to take the lead. Currently, a cryptocurrency such as bitcoin is treated as an asset and not as cash. Climate change is likely to require more narrative reporting.

There are some minor improvements that may be made to three sections:

- section 1A: if disclosure requirements for small entities are adequate
- section 24: whether provisions on government grants need amending in relation to the various coronavirus support schemes
- section 35: updating provisions for when an entity moves from UK accounting standards to international standards.

The FRC is conducting a consultation that ends on 31 October 2021.

El Salvador became the first country to adopt **bitcoin**, or any cryptocurrency, as legal tender in June 2021. This follows an experiment in 2019 at a surfing beach called I Zonte, which acquired the nickname Bitcoin Beach.

This is seen as a significant step in the acceptance of cryptocurrencies.

El Salvador lost its own currency, the colón, in 2001. Since then it has used the US dollar. This has provided the country with stability, particularly inflation around 2%. It does mean that the country is in effect outsourcing its monetary policy to the US Federal Reserve. There are eight countries outside USA that use the US dollar as its currency, and others whose currency is pegged to the dollar.

The decision has some problems. Bitcoin is a very volatile currency; its July 2021 value is half that of April 2021. About 70% of the population does not have a bank account, and so relies on cash. About 22% of GDP comprises citizens remitting US dollars from working in other countries. Bitcoin also attracts high transaction costs.

Many banks have reduced the amount that may be **paid online** as part of their crackdown on fraud and money laundering, it was reported in July 2021. In 2020, £479 million was fraudulently paid from bank accounts.

NatWest reduced its limit from £20,000 to £5,000 in May 2021. It said that 95% of its customers never transferred more than £5,000. Santander and Nationwide have both said they plan to reduce limits.

The widely used Faster Payments Service has a limit of £250,000, but banks may set their own lower limits, and most do. In many cases, a bank customer can agree a higher limit either generally or for a specific transaction.

This is particularly relevant for payment of tax as a delay in processing a payment can trigger a penalty for late payment.

Clients should:

- know what limits apply for online transfers, and discuss arrangements if these appear inadequate for paying tax
- pay tax several days before the due date so that there is still time to resolve any issues before the due date
- have bank accounts with at least two different banks.

Nearly one third of large **company audits** fail to meet Financial Reporting Council (FRC) standards, according to FRC's review of 103 audits. The 29% of affected standards need "significant" changes or improvement. The FRC reported in July 2021.

Common causes for concern are recognition of revenue, impairment of assets, and group audit oversight.

The International Accounting Standards Board (IASB) is proposing a new International Financial Reporting Standard (IFRS) to allow **subsidiaries** to apply standards with a reduced disclosure requirement. The idea is to make their accounts easier to read while still meeting the needs of account users.

The proposed IFRS would not be available to financial institutions nor to companies listed on a stock exchange where the parent prepares consolidated accounts.

Business finance

The government said that businesses had received almost £80 billion in **government support** during the coronavirus pandemic up to 6 July 2021. This does not include indirect support such as coronavirus job retention scheme for furloughed staff.

The support was provided by 1.67 million loans. This includes:

- £47 billion in Bounce Back loans
- £26 billion in Coronavirus Business Interruption Loan Scheme
- £5 billion in Coronavirus Large Business Interruption Loan Scheme
- £1.13 billion to 1,190 high growth firms in the Future Fund.

Shopkeepers have debts of £1.7 billion, according to Bill Grimsey, former boss of Wickes, speaking in July 2021.

In 2020, 17,500 chain stores closed. It is feared that there will be many more as small businesses try to repay coronavirus loans.

New laws on **national security** and investment come into force on 4 January 2022, the government announced on 20 July 2021. The law is National Security and Investment Act 2021.

The main provision is that the government has an additional power to intervene in mergers, acquisitions and similar on the grounds that they could threaten UK security.

A similar measure applies to investors in sensitive companies, though the government expects to use such blocking powers rarely.

The Act gives the government a five-year retrospective power to call in acquisitions that were not notified but could raise security concerns.

Affected businesses and investors may notify the new Investment Security Unit of transactions. The Unit aims to give a response within 30 working days.

Personal finance

Thousands of people and small businesses have been **locked out** of their bank accounts during summer 2021. This includes PayPal. Account holders are not told the reasons.

Banks and other financial bodies are accused of being over-zealous in their use of algorithms to detect fraud. PayPal says its terms allow it to deny access funds for 180 days where they suspect fraud or “high-risk behaviour”.

On 1 July 2021, the Treasury finally published its report on ensuring that **cash** is available throughout the UK. The use of cash has declined in recent years with a 35% fall in use during 2020 alone, accelerated by the lockdown. Cash in the form of coins and banknotes still accounts for 17% of retail transactions. About 8 million people still use cash regularly.

The Treasury fully supports allowing ordinary shops being able to offer cashback services without the customer having to buy anything. This is permissible now the UK has left the EU.

Another proposal is that there should be a limit to how far someone has to travel to get cash. A suggested limit is 1 kilometre.

The consultation also considers the position for disabled people and facilities for handling large amounts of cash. The Financial Conduct Authority would oversee the system.

In rural areas of the UK, only 45% of residents have a bank branch within 5 kilometres of their home. About 5 million adults still rely on **cash** (coins and notes) for their transactions. The Financial Conduct Authority is considering new requirements to make cash more readily available in rural areas.

The **pandemic** has made the average British household £7,800 richer according to the Resolution Foundation in July 2021. This comes from increased house values, encouraged by a reduction in stamp duty land tax, and lower spending on such matters as commuting fares. Total household savings in the UK are £200 billion higher than at the start of the pandemic while debts have fallen by £10 billion.

The maximum amount of **home loss payment** increases from £65,000 to £71,000 from 1 October 2021. The minimum amount increases from £6,500 to £7,100.

The payments are made when someone loses their home under a compulsory purchase order. The exact scope is defined in Land Compensation Act 1973 s29.

The figure is a percentage of the market value of the property subject to a maximum and minimum.

The Home Loss Payments (Prescribed Amounts) (England) Regulations SI 2021 No 841

Holders of **foreign currency cards** have been incurring inactivity fees when holidays have been cancelled because of coronavirus, it was explained in July 2021.

Such cards are loaded with foreign currency in advance. Most incur inactivity fees if not used for 12 months. Overseas holidays have been severely restricted over the previous 18 months. Of the 19 cards on the market, 14 charge an inactivity fee. For the nine most popular cards, the charge is £2 a month, apart from the AA travel currency card where the monthly charge is £1. Moneycorp charges £3.

About one fifth of foreign holidaymakers use a foreign currency card. The companies have said they will not be waiving these fees when holidays have been cancelled or postponed because of coronavirus.

Lloyds Bank announced in July 2021 that it is to charge customers for **packaged accounts** opened before 2005. The change applies from October 2021. The charge was not imposed if the customer kept a minimum sum in the account, typically at least £1,500.

The charge for newer customers is £14.95 a month for a gold account, with higher charge for platinum and premium accounts which have not been available since 2013. The new charges will be up to £28 a month.

Packaged bank accounts include such things as travel insurance, breakdown cover and mobile phone insurance. Such accounts have proved controversial as many customers found that they did not provide the expected benefits.

Police are cracking down on **fake car insurance**. This is particularly aimed at the young for whom motor insurance can be particularly expensive. The motorist believes he or she has the legally required motor insurance when he or she does not. The consequences are that the motorist can be personally liable for any loss, he or she can get points on their licence, an injured party can have difficulty being paid, and everyone else's motor insurance is a little more expensive.

The three main types of fraud are:

- an insurance policy is taken out but with a different address, age, occupation or other details that reduce the premium
- genuine insurance documents are altered
- genuine insurance policy is taken out but then, unknown to the motorist, is immediately cancelled for a refund..

Aviva, the country's largest motor insurer, said it found almost 80 bogus insurance applications every day in 2020. This is a 34% increase from 2019.

A new website called ViewRabbit charges prospective buyers and renters £30 to view a property listed by an **estate agent**.

This follows reports of people not attending viewings that they had arranged. The agent Leader Fox said that 22% of prospective renters and 15% of buyers failed to attend bookings they had arranged. The viewing fee is refunded if the renter or purchaser completes.

A survey on Twitter found that 98% of people would not pay for a viewing.

On 26 July 2021, **NewDay** became the first credit card company to issue a credit card without a plastic card. It is called bip.

The company already provides card services to Amazon and other suppliers. It is one of the country's biggest card operators but is not well-known as the cards are provided under other names.

Bip aims to provide the protection of a credit card with the convenience of a phone app.

Pockit is being investigated by the Financial Conduct Authority after clients found their accounts frozen, sometimes for months and without explanation, it was announced on 9 July 2021. The company is aimed at the "financially excluded".

Pockit launched in 2014 to provide banking services for those unable to access the main banks. It offers debit cards, deposit accounts, foreign exchange and mobile accounting. It has 550,000 customers.

The company refused to say why it locks accounts, but said that only 0.2% of accounts are affected.

Law

The much criticised **Action Fraud** line is to be replaced by a new national fraud and cybercrime reporting system, it was announced on 29 July 2021.

Fraud is a crime that police refer to Action Fraud. This body is overseen by the City of London police though run by a private American company called Concentrix.

In 2019, an undercover investigation revealed that call handlers were misled into believing their complaints were being investigated when no action was taken. It was not possible simply to provide them with intelligence unless reporting a crime. This was limited to a straitjacket website. It is not possible to provide information by letter.

Action Fraud and City of London Police replied on their website that it was always the intention to procure a new reporting service in 2022 when the contract of 2015 expires.

The government is reviewing the procedures for **lasting powers of attorney** (LPAs), it announced on 20 July 2021.

An LPA allows a person to act for someone who is not able to act for himself or herself. There are now more than 5 million LPAs in operation. They may be made by anyone who is at least 18 years old and who has full mental capacity. They replaced enduring powers of attorney (EPAs) from 1 October 2007 under Mental Capacity Act 2005. Existing EPAs remain in effect. The main element of the latest change is to move from a paper-based system to an online system. New provisions will be included to address fraud and abuse, and to make the process simpler.

It is not sex discrimination that there is no interim relief for **sex discrimination**. The Court of Appeal so held on 11 June 2021.

English law does not generally keep contracts of employment in force if either the employer or employee does not wish it to continue. When unfair dismissal was introduced in 1971, there were no such provisions. The first exception was introduced in 1975 when an order for reinstatement or re-engagement could be ordered when an employee was dismissed for being a trade union representative. It has since been extended to other situations. A right to interim relief was introduced in 1998 for whistleblowing.

The claimant asserts that she has been a victim of sex discrimination and that the lack of interim relief was itself sex discrimination. The Court did not agree. The fact that a relief was available in some circumstances and not others was not discriminatory. The law was clear and was based on sound principles.

Steer v Stormsure Ltd [2021] CA. The Times 15 July 2021

On 20 July 2021, the government announced changes to **consumer protection laws**.

First, prepayment schemes must safeguard customers' money. This is to avoid a scandal such as Farepak where consumers, often on low incomes, lost money they had saved for Christmas when the company became insolvent.

Second, used car suppliers and home improvement companies will be required to participate in mediation or arbitration where a dispute arises over a transaction.

Third, subscriptions will be more strictly regulated. It will be clearer what customers have agreed to. It must be made easy for a consumer to cancel.

Fourth, it will be an offence to pay someone to write a fake review.

Fifth, it will outlaw "dark patterns" that manipulate customers into spending more than they want to.

Companies that do not comply can be fined up to 10% of their global revenue. There will also be civil penalties for not co-operating with enforcers.

New powers given to the Competition and Markets Authority include:

- penalties of 5% of annual turnover for companies that do not comply with investigations or orders, and a further penalty of 5% of daily turnover for each day such non-compliance continues

- disqualification of company directors that make false statements

- accepting voluntary undertakings from a business at any stage

- blocking "killer acquisitions" where a big business buys prospective rivals before they can launch new products or services.

The Competition and Markets Authority will be able to impose penalties on its own authority, without the need to go to court.

On 27 July 2021, prime minister Boris Johnson announced plans to clamp down on **burglars**.

Burglars and thieves who have served at least one year in prison will automatically have a GPS tag fitted. This will allow their movements to be monitored and compared to locations of burglaries.

The other element is to require them to do unpaid work wearing high visibility clothing in public.

The government announced that the Legal Support for **Litigants in Person** (LSLIP) is “fully underway”.

It is funding 11 projects in more than 50 organisations at local, regional and national levels to help people identify issues as early as possible, to prevent them getting worse, and to provide support if they do need to attend court.

A litigant in person is someone who acts for himself or herself in court without using a lawyer.

The **Judicial Review and Courts Bill** was introduced to parliament on 21 July 2021, mainly to reform the practice of judicial review. The government says the Bill is designed to “create a better balance between the rights of citizens to challenge executive decisions through judicial review and the need for effective government”.

Judicial review is when a judge hears an argument for which there is no other appeal procedure. Although some tax cases have gone to judicial review, very few have succeeded because there are systems of tax appeals.

Proposed changes include:

- allowing judges to delay the time for orders to come into force, allowing parties more time to prepare
- reducing the impact on third parties who rely on a power the court finds unlawful
- ending “cart” judicial reviews which cause unnecessary delay, particularly for immigration and asylum cases. These are when the applicant goes to court having lost an application and an appeal
- allowing judges to suspend the effects of a quashing order
- limiting or removing the retrospective effect of a quashing order.

Other measures will be announced.

Blackpool Council must pay the Billy Graham Evangelical Association £25,000 in damages and £80,000 costs for **illegally removing** their advertisements from public transport.

The advertisements were for the Lancashire Festival of Hope that were due to be held in September 2018, but was cancelled for other reasons. They were to be addressed by the late Billy Graham’s son Franklin Graham.

Blackpool Council and Blackpool Transport Services Ltd made a joint decision to remove the advertisements after being lobbied by gay rights groups who objected to Franklin Graham’s views.

Cllr Lynn Williams, leader of the council, said “we accept that the advertisements were not in themselves offensive. We further accept that in removing these advertisements we did not take into account the fact that this might cause offence to other members of the public and suggest that some voices should not be heard, We also regret that we did not consult with the organisers prior to taking our decision”.

Someone who wishes to enforce an arbitral award against a **foreign state** must do so using official channels. This means by transmission through the Foreign Office to the other state's Ministry of Foreign Affairs. This is the requirement of State Immunity Act 1978 s12(1).

The Supreme Court held on 25 June 2021 that the court in England and Wales had no discretion to dispense with that statutory requirement, even when the country was engaged in internal conflict. The case related to Libya.

General Dynamics United Kingdom Ltd v State of Libya [2021].CA. The Times 5 July 2021

The tort of **causing loss by unlawful means** requires the defendant to have directly affected a third party's freedom to deal with the claimant. The Supreme Court so ruled on 2 July 2021.

The defendant manufactured a drug under the name Coversyl to treat respiratory diseases. This has been granted patent protection by the European Patent Office.

The UK High Court held that the patent was invalid because of the lack of novelty and for obviousness.

The claimants funded the drugs used by the National Health Service. They alleged, among other matters, that the defendants had caused the loss by unlawful means by deceit on the patent office and the English courts.

Secretary of State for Health v Servier Laboratories Ltd. [2021] SC. The Times 13 July 2021.

County court judge Peter Herbert successfully sued the Ministry of Justice for discrimination, victimisation and harassment, it was reported on 2 July 2021.

Herbert had been disciplined for making a speech in 2015 when he criticised Richard Mawrey, the High Court judge who disqualified Lutfur Rahman as mayor of Tower Hamlets. Herbert said that ethnic minorities should not put their faith in the legal system. It was found that he was wrongly suspended while the matter was investigated.

Herbert is the first judge to sue senior judiciary. The matter was settled out of court for an undisclosed sum.

On 17 July 2021, the government launched an eight-week consultation on whether the recent **ivory ban** should be extended to hippos, walruses and narwhals. The Ivory Act 2018 currently imposes a general ban only on ivory from elephants.

From 14 July 2021, there is a ban on the sale of **cyclone knives**, spiral knives and rapid-fire rifles.

The definition of a flick-knife is amended, extending the scope since they were first banned in 1959.

All weapons already banned in public under Criminal Justice Act 1988 are now also banned in private. This means that people may no longer keep zombie knives, knuckledusters, shuriken and death stars at home.

The ban applies under Offensive Weapons Act 2019.

Rumpole, the fictitious old-fashioned defence barrister, is to return to television in 2022, it was announced in July 2021, but the new Rumpole will be female.

The original Horace Rumpole was created by John Mortimer QC who died in 2009. The character is believed to be based on barrister James Burge (1906-1990), with whom Mortimer once shared a defence brief. Burge defended Stephen Ward from a charge of living on earnings from prostitution in the Perfume scandal.

In the television adaptations Rumpole was played by Leo Mac Kern from 1975 to 1992. It is not known who will play the new Rumpole.

Rumpole specialised in defending petty criminals. In an early episode, he was dismissive of a suggestion that their chambers should seek tax cases.

The new stories are being written by Mortimer's daughters, Emily and Rosie Mortimer. Emily Mortimer is an established actress and screenwriter.

Other news

Many websites failed on Thursday, 22 July 2021 in a **global outage** of service.

Websites affected include Airbnb, British Airways, HSBC bank and PlayStation.

The problem was soon fixed for Europe and USA, but problems continued in Asia.

This is the second major outage in two months.

The prime minister set 19 July 2021 as the date from which most **coronavirus restrictions** are lifted in England. This date had been put back by four weeks because of growing incidence of coronavirus, almost entirely the delta variant.

Many shops and public transport bodies still required the wearing of masks.

The government urged continuing caution.

Coronavirus has cost the government £372 billion, according to a report published in July 2021. That equates to £12,250 for every taxpayer in the UK.

This figure is about three times the amount expected one year earlier.

Costs include £2 billion on protective equipment that was not used, and £26 billion in bad debts from coronavirus support loans.

On 19 July 2021, China was blamed for a **hacking attack** on 30,000 networks. This is believed to be to harvest personal data. It is only the second time that the UK has specifically named China as behind a cyber attack. The EU, NATO and USA also named China.

The government announced on 1 July 2021 plans to introduce **water efficiency** measures to ensure plentiful and sustainable supplies of clean water.

The proposals include:

- mandatory water efficiency labels on products such as dishwashers and showers
- requiring water companies to develop a consistent approach to fixing supply pipe leaks, which account for 25% of all leakage
- encouraging a tighter standard of 110 litres per person per day in new homes, as against the current standard of 125 litres
- developing other options such as retrofits, rainwater harvesting, and water re-use facilities.

The government is giving away £10 billion in **foreign aid** in 2021/22 despite cutting the rate from 0.7% to 0.5% of GDP. The UK remains the third largest donor among G7 countries measured as a share of GDP. The UK provides further assistance, such as peacekeeping and donations of coronavirus vaccine.

The government has set out the economic conditions that must be met for the 0.7% figure to be reinstated.

Space tourism began on 11 July 2021 when Sir Richard Branson blasted off in his Virgin Galactic rocket to 53.4 miles above the earth. The company aims to start space journeys in 2022. Space is generally regarded as starting about 50 miles above the planet. Nine days later on 20 July 2021, he was followed by Amazon boss Jeff Bezos who ascended 66.5 miles above the planet. His company has sold \$100,000 in tickets for space flight.

The **national debt** reached £2,218.2 billion, more than £2 trillion, at the end of June 2021. This is 99.7% of GDP at the end of the first quarter of 2021/22.

Labour narrowly held the seat of Batley and Spen in a **by-election** on 1 July 2021. The by-election was caused by the previous Tracy Brabin resigning when she was elected as mayor of West Yorkshire. The new MP is Kim Leadbeater who won by just 323 votes, 35.3% of votes. She is the sister of Jo Cox who held the seat from the 2015 election until she was murdered on 16 June 2016, a week before the EU referendum.

The Conservatives had been favourites to win the seat. Tracy Brabin held the seat in the 2019 general election with a majority of 3,525 and 42.7% of the vote.

The by-election was marred by abuse and violence. Labour campaigners, including the candidate, say they were kicked in the head and had eggs thrown at them. The police recorded four instances of assault.

There were reports that Labour leader Sir Keir Starmer would face a leadership challenge if Labour lost the seat.

George Galloway said he would challenge the result in the courts on the basis of false accusations made against him. Some of his posters were taken down by Kirklees Council for allegedly breaching election rules in that the mandatory text was set in type that was too small. The council said that Galloway was asked to correct the text before posters were removed.

The full result is:

- Kim Leadbeater (Labour) 13,296: 35.3%
- Ryan Stephenson (Con) 12,973: 34.4%
- George Galloway (Workers Party) 8,264: 21.9%
- Tom Gordon (Lib Dem) 1,254: 3.3%
- Corey Robinson (Yorkshire) 816: 2.2%
- Therese Hirst (English Democrat) 207 (0.55%)
- Jack Thomson (UKIP) 151 (0.4%)
- Howling Laud Hope (Looney) 107 (0.3%)
- Mike Davies (Alliance for Green Socialism) 104 (0.3%)

- Paul Bickerdike (CPA) 102 (0.3%)
- Jonathon Tilt (Freedom Alliance) 100 (0.3%)
- Anne Marie Waters (For Britain) 97 (0.3%)
- Andrew Smith (Rejoin EU) 75 (0.2%)
- Ollie Purser (SDP) 66 (0.1%)
- Jayda Fransen (Independent) 50 (0.1%)
- Susan Laird (Heritage) 33 (0.05%)

The **National Health Service** was awarded the George Cross on 5 July 2021 for 73 years of public service, including dealing with the coronavirus outbreak. The award was accompanied by a handwritten letter from the Queen.

The award has only been awarded to a collective body twice before: to Malta in 1942 and to the Royal Ulster Constabulary in 1999.

The George Cross is the UK's highest civilian gallantry award.

Nissan has announced a gigafactory in Sunderland that will produce electric cars and their batteries. This directly creates 1,650 new jobs, plus more in the supply chain.

When fully operational in 2024, it will provide batteries for 100,000 Nissan electric vehicles.

Each **bishop** in the Church of England costs £70,310 a year in expenses on top of £46,000 stipend, giving a total cost of nearly £120,000 a year, according to an answer given at the church's General Synod on 8 July 2021.

The **Scouts Association** has introduced a money badge, it was announced in July 2021. The youth organisation has 57 million members round the world.

Scouts must choose one of 20 activities to gain the badge. This includes preparing a budget, such as for a camping trip.

The scope of the badge was developed with HSBC Bank and the charity Young Money.

A census conducted by Censuswide in 2020 found that half of children aged between 6 and 10 did not understand money. About a quarter of all UK adults are believed to struggle with basic financial numeracy.

Of **romances**, 68% of couples start as friends before becoming lovers, according to University of Victoria in Canada in a survey of 1,900 adults. There was little variation according to age, class, ethnicity or education. The friendship phase usually lasted one or two years.

The clothes retailer **Gap** announced on 1 July 2021 that it is closing all 81 stores in the UK by early autumn. It will continue trading online.

According to the BBC, the store failed for four reasons:

- it failed to adapt
- it offered too many discounts
- it was not distinctive enough
- there were too many shops.

Malaysian police crushed 1,069 **bitcoin computers** with a steamroller in July 2021. The computers were seized and the owners charged with stealing £15 million worth of electricity. Six people were jailed.

Lewis Hughes, 24, was sacked from his job at estate agents Caplen Estates in Buckhurst Hill, Essex after he was convicted of **assaulting** Prof Chris Whitty, chief medical officer for England, in a park. Hughes was given a suspended prison sentence and ordered to pay £100 compensation. A second person was also convicted for the assault.

Computer ink is more expensive than Chanel No 5 perfume, according to *Which?* magazine. A set of coloured inks for an Epson printer cost £75.49, which works out at £2,140 for a litre. Similar prices are charged for other makes. A 35 ml bottle of Chanel perfume costs £62, or £1,771 a litre.

Similar research done some years ago by Tax Training Ltd director Robert Leach found that computer ink is more expensive than perfumes, Champagne, mercury and almost all other liquids. The only liquid he found that was more expensive was snake venom.

Czech women no longer need have “ova” added to the end of their surnames after a law was passed in the Czech Republic on 8 July 2021. The practice started in 1945. It ends on January 2022.

The Methodist church has become the largest religious denomination to decide to allow **same-sex weddings** in a place of worship, it was announced on 1 July 2021. Same-sex weddings are not allowed in the Church of England.