



Tax Training Ltd

Tax Training Ltd.

www.taxtrainingltd.co

020 8224 5695

Email: robert.leach04@googlemail.com

Newsletter September 2021

© 2021 Robert Leach, licensed to Tax Training Ltd. This newsletter may be freely copied and distributed by paying subscribers in accordance with our terms and conditions, available on our website. Please apply to the company for any use. Neither the author nor the company accepts any liability for any error or omission in the newsletter. This newsletter is no substitute for professional advice. Tax law is subject to frequent change.

In this newsletter:

Payroll

- the advisory fuel rates have been published from September 2021
- 191 companies are named and shamed for not paying national minimum wage
- the SSP rebate scheme has closed
- drivers' hours are temporarily extended
- directors were taxed on a company car even though they paid the lease premiums
- the Department of Work and Pensions was fined £87 million for IR35 breaches
- there are changes to the rules for overseas sponsorship
- some of the rates for student loan repayments have been announced
- court rules that there has been no change in the law on proof in discrimination
- an EU case rules on whether it is legal to ban Muslim head scarves at work

Business tax

- an explanation is given of the transitional provisions for super-deduction
- more details have been given on the new rules on uncertain tax treatments

Personal tax

- new provisions will allow agents to access clients' PAYE records
- details of the fifth self-employed income support scheme are made known

Value added tax

- all VAT-registered businesses must use Making Tax Digital from April 2022
- government hints that it may ease some DIY builder rules
- there are new forms for DIY home builders

National insurance

- the limitation period for a personal liability notice is clarified

Inheritance tax

- details are published of inheritance tax paid
- Spain relaxes a law that delays sale of property after death

Stamp taxes

- cases disallow multiple dwellings relief for annexes with no kitchen
- an issue has been identified for gradual home owners
- a communal garden was held not to be commercial land

Other taxes

- a penalty was cancelled when personal cigarettes were seized
- the period for claiming a refund of fuel duty has been clarified

- a new deal has been agreed with New Zealand

Tax administration

- the issue of estoppel was considered in a tax case
- the union dividend benefits Scottish taxpayers by £2,210 a year

Pensions

- a discussion paper considers the impact of inflation on pensions
- high income child benefit charge could be denying parents a state pension

Welfare

- guidance is given on offers to claimants of personal independence payment
- the cost of a coronavirus travel test is reduced
- Scotland has increased the value of its Best Start food schemes
- a report finds that police do not use their full powers to protect women
- an asylum seeker may not qualify for accommodation in some circumstances
- a case has been heard on when a young migrant adult may be deported for crime
- a child may be placed in an unregistered home when there is no alternative

Accounting

- there are plans to changes some taxonomies in 2022
- the first complaints have been made for non-disclosure of climate change
- banks have been asked to check accounts for evidence of drug dealing

Business finance

- Financial Reporting Council has reported on Corporate Governance Code
- a new reinsurance scheme has been announced for live events
- plans have been announced to promote hydrogen for energy and fuel
- Tesco has left the Prompt Payment Code

Personal finance

- the limit on contactless payment by card increases from £45 to £100
- Mastercard is to discontinue the magnetic strip from 2024
- a Vulnerability Debt Toolkit has been launched
- Barclaycard has moderated its policy on reducing credit limits
- the government is trialling a 30% discount on new homes for key workers
- discount voucher Groupon has been told to change its refund policy
- seven mini-bond companies have been closed

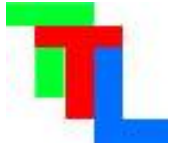
Law

- non-compete agreements may be considered against non-contractual intentions
- a contractual right to liquidated damages can be applied to an early contract end
- UK musicians can travel visa-free for three months in 19 countries

- there is an extension to mediation vouchers when parents separate
- a rectification of a Land Registry entry unless there is common intention
- further restrictions have been imposed on Belarus
- a social worker was entitled to compensation for a judge's comments
- 12 sections of Coronavirus Act 2020 have expired
- import and export of shark fins is banned

Other news

- UK economy grew by 4.8% in second quarter of 2021
- there are long delays in getting a driving licence
- standard petrol now contains 10% biomass ethanol rather than 5%
- UK has become an ASEAN dialogue partner
- lorries up to 51 feet long and 48 tonnes are being trialled on some roads
- the adoption of UKCA safety marking has been postponed by a year
- there is a change of payment method to Intellectual Property Office
- Taliban seized control of Afghanistan. Its assets are frozen
- Scottish Nationalist Party and Green Party formed a coalition in Scotland



Newsletter: September 2021

Tax Training Ltd.

www.taxtrainingltd.co

020 8224 5695

Email: robert.leach04@google.ail.com

Payroll

HMRC has published the **advisory fuel rates** for 1 September 2021. These rates are published every three months. The rates are used:

- by employees to reimburse the employer when company fuel is used for private purposes, thus avoiding the fuel benefit charge
- by employers to reimburse the employer for business travel when the employer does not pay the road fuel.

The rates are:

- petrol: 12p a mile for 1400cc or less; 14p for 1401cc-2000cc; 20p above 2000cc
- diesel: 10p for 1600cc or less; 12p for 1601cc-2000cc; 15p above 2000cc
- liquid petroleum gas: 7p for 1400cc or less; 8p for 1401-2000cc; 12p above 2000cc.

There is no official figure for electric cars but HMRC allows 4p a mile.

Hybrid cars are regarded as petrol or diesel.

These rates represent a small increase from the figure of 1 June 2021, reflecting increases in fuel prices.

On 5 August 2021, HMRC named and shamed 191 companies for failing to pay the **national minimum wage** to 34,000 workers. The total amount involved was £2.1 million. The breaches occurred between 2011 and 2018. The employers had to pay the workers the full amount and incurred an additional £3.2 million in fines. Penalties can be 200% of the underpayment, capped at £20,000 per worker.

Of these workers:

- 47% made unlawful deductions from wages, such as for uniforms or expenses
- 30% failed to pay for all hours worked, such as overtime
- 19% paid the wrong apprenticeship rate.

This list is noticeable for the number of household names on it. These include John Lewis, Martin McColl retailers, One Stop shop, Body Shop, Methodist Homes, Sheffield United Football Club, Pret A Manger (Europe) Ltd, and South Worcestershire Citizens Advice Bureau.

The **SSP rebate scheme** closes on 30 September 2021. This allowed employers to reclaim SSP paid for up to two weeks for employees who were off work because of coronavirus. Normally the employer cannot reclaim SSP from the state.

The limits on **drivers' hours** are temporarily relaxed from 9 August 2021 to 3 October 2021.

The relaxation only applies where the driver is moving domestic goods and where there is a need for additional driving, such as from a shortage of drivers.

The daily driving time is extended to 11 hours up to twice a week.

The weekly driving limit is extended from 90 hours to 99 hours.

There are limited reductions in rest periods.

The Drivers' Hours and Tachographs (Temporary Exceptions) (No 2) Regulations SI 2021 No 921

A liability to income tax and class 1A national insurance arose when two director/shareholders leased a **company car** for themselves through their company.

The cars were leased for that purpose, which was known to the leasing company. The two directors paid a sum equal to the lease repayments. They were paid a mileage allowance when they used the car for company business. The lease was made by the company as that incurred a lower premium than if they had leased it as individuals.

Two arguments were put forward unsuccessfully.

First, it was argued that the company was acting as agent for the individuals. There was no evidence to support this. The lease was between the company and the leasing company. The fact that the leasing company knew of the purpose was not sufficient to establish an agency arrangement.

Second, it was argued that there was no benefit to tax. The case *Apollo Fuels* established that there is no employee benefit to tax on fair bargains at arm's length. In this case, the employees received the benefit of lower lease premiums.

All the conditions were met for treating this as a provision of a benefit in kind by the employer. Accordingly the employees were liable to income tax and the company to class 1A national insurance.

The tribunal found that the company and directors had not been careless and so cancelled the penalties.

The case report can be downloaded from

<https://financeandtax.decisions.tribunals.gov.uk/judgmentfiles/j12194/TC08242.pdf> .

Smallman and Sons Ltd. Lisa Garrity. Brian Garrity. [2021] TC 8242

The Department of Work and Pensions (DWP) was fined £87.9 million by its fellow government body HM Revenue and Customs at the end of July 2021. The penalty arises from incorrectly determining **IR35 status** for freelance contractors. The sum comprises income tax, national insurance and associated penalties.

The issue did not go to court or tribunal. It became public knowledge when admitted in DWP expenditure reports for 2020/21. The errors date back to 2017 when public bodies had to determine whether the IR35 provisions apply. If the employer decides that a worker is in truth acting as an employee, that is how the worker should be taxed. From April 2021, the same provisions apply to the private sector.

Reaction to the news was partly one of amusement. There was also surprise at what is achieved by one government agency fining another one.

The DWP is responsible for administering state pensions and social security. There is a serious point that if it cannot get the IR35 provisions right, what chance is there for private sector employers.

The number of people **furloughed** under the coronavirus job retention scheme (CJRS) fell below two million at the end of June. Almost three million have come off furlough since March 2021, according to HMRC.

The Trades Union Congress (TUC) said in August 2021 that it wants a **permanent furlough** scheme. The government guarantee of 80% of wages would apply to short-term working during recessions or transitions to the green economy.

Eighteen per cent of entities receiving payments under the furlough scheme plan to make staff **redundant** when the scheme ends, according to the British Chamber of Commerce. This was based on a survey in August 2021 just before employers are required to pay 20% of the wages of furloughed staff.

A quarter of businesses said they would seek to reduce employee hours.

About 40% of businesses said the change would have no impact on the business.

Some 69% of UK companies plan to take on **more staff**, the Chartered Institute of Personnel and Development (CIPD) said in August 2021. Of companies with positions that are difficult to fill, 44% plan to develop skills of existing staff. Another 26% will hire apprentices. 23% will increase wages and 9% will increase automation. Only 14% say they will do nothing.

The **chief executive officers** of FT-SE 100 companies earned 86 times the average full-time wage in 2020, according to a BBC report in August 2021. The median pay of a CEO was £2.69 million.

There were 953,000 **job vacancies** at the end of July 2021, according to the Office for National Statistics. This is a record high.

The unemployment rate fell to 4.7% in the three months to July 2021 while the growth in average pay rose by 7.4%, according to the BBC.

Employment at the end of July 2021 was 28.9 million, still 201,000 lower than before the pandemic.

About one quarter of workers aged over 55 feel **forced to retire** by the employers, according to a report in August 2021 by the advisory body 55/Redefined and the charity ProAge.

It found that 56% of employees do not want to retire at 65 but two-thirds of employers encouraged retirement by that age.

Changes to the rules for **overseas sponsorship** were announced on 27 August 2021. They are designed to make it easier and quicker to access skilled talent from overseas.

Provisions include an online dashboard for sponsors to make the provisions clearer and more obvious. The whole process will be wholly online.

In the first eight months of 2021, the UK received 205,919 work visa applications. A further 291,423 study visa applications have been received.

Employers are encouraged to become **EIDA Beacon** members by the government on 26 August 2021.

The Employers' Initiative on Domestic Abuse supports employers who wish to help employees who may be victims of domestic abuse. EIDA raises awareness among staff, and provides additional resources and advice.

Guidance on EIDA can be found online at <https://www.eida.org.uk/our-members>.

Some of the new rates and thresholds for **student loans** for 2021/22 were announced on 12 August 2021.

The rate of interest for pre-2012 loans, known as Plan 1, is 1.1% from 1 September 2021.

Plan 1 loan repayments from April 2022 will be paid on incomes above £20,195, an increase from £19,390 in 2020/21. The rate remains at 9%.

Plan 2 loan repayments for courses that started in autumn 2012 or later have a rate of interest of 4.2% in September 2021, though the rate may be lower while the loan is being repaid. From 1 October 2021, the rate will revert to 4.5% (RPI plus 3%).

The threshold for Plan 2 loans has not yet been announced.

Rates for postgraduate loans and Scottish loans have also not yet been announced.

Revolut, the bank with 3.5 million customers, is offering a new service of **payroll on demand**, it announced in August 2021.

Employees of participating customers are able to access up to half their pay so far accrued during the month. The bank charges £1.50 for each such payment.

The burden of proof in work **discrimination cases** did not change when the Equality Act 2010 was introduced. The Supreme Court so ruled on 23 July 2021.

It remains the law that a claimant must show, on the balance of probabilities, that an unlawful act of discrimination had taken place before the employer was required to offer an explanation.

The case concerned a Nigerian-born employee who was qualified in computing. He was employed as a postman, but made more than 30 applications for positions where he could use his computer skills. None of the applications made between 2011 and 2015 were successful.

He brought a claim for racial discrimination. The claim failed before the employment tribunal, but was reversed by the Employment Appeal Tribunal, whose decision was then reversed by the Court of Appeal. The issue relates to the interpretation of s136(2) of the 2010 Act.

The claimant said that the 2010 Act had brought a substantive change in the law from Race Relations Act 1976 and subsequent law. He alleged that this change meant that the first of two stages no longer applied. He said he no longer needed to show that an act of discrimination had taken place. The original law said "where... the complainant proves facts...". The new law said "If there are facts..."

The Court held that this represented no change in procedure. It remains the position that a claimant must show an act of discrimination, and the employer must then consider that as part of all the relevant facts.

The employment tribunal found no racial discrimination, and that decision stood.
Efobi v Royal Mail Group Ltd [2021] SC. The Times 5 August 2021

A ban on wearing a **Muslim head scarf** at work could be justified if there was a desire for the employer to show political, religious or philosophical neutrality, and the ban applied to all political, religious or philosophical dress or symbols. The Court of Justice of the European Union so ruled on 15 July 2021. There could be indirect discrimination if an employer banned dress or symbols only above a certain size.

One of the cases from Germany concerned a worker at a child day care centre which prohibited religious dress when children or their parents were present.

The other case concerned a company that banned such dress if it was large or conspicuous.

The cases concerned interpretation of EU Council Directive 2000/78/EC on equal treatment in employment.

A mere desire of an employer to be politically, religiously or philosophically neutral was not sufficient to justify such a ban.

X v WABE eV. MH Muller Handels GmbH v MJ. [2021] CJEU Cases C 804/18 and C341.19. The Times 26 August 2021.

On 17 August 2021, HMRC revealed ten of the more absurd excuses for not paying the **national minimum wage**:

1. "She does not deserve the National Minimum Wage because she only makes the teas and sweeps the floors."
2. "The employee was not a good worker, so I did not think they deserved to be paid the National Minimum Wage."
3. "My accountant and I speak a different language – he does not understand me, and that is why he does not pay my workers the correct wages."
4. "My employee is still learning so they are not entitled to the National Minimum Wage."
5. "It is part of UK culture not to pay young workers for the first three months as they have to prove their 'worth' first."
6. "The National Minimum Wage does not apply to my business."
7. "I have got an agreement with my workers that I will not pay them the National Minimum Wage; they understand, and they even signed a contract to this effect."
8. "I thought it was okay to pay young workers below the National Minimum Wage as they are not British and therefore do not have the right to be paid it."
9. "My workers like to think of themselves as being self-employed and the National Minimum Wage does not apply to people who work for themselves."
10. "My workers are often just on standby when there are no customers in the shop; I only pay them for when they are actually serving someone."

None of these was accepted.

The National Minimum Wage hourly rates are currently:

- £8.91 - Age 23 or over (National Living Wage)
- £8.36 - Age 21 to 22
- £6.56 - Age 18 to 20

- £4.62 - Age under 18
- £4.30 – Apprentice.

Business tax

The **super-deduction** announced in the March 2021 is subject to no transitional provisions at the start of the two-year period, but is at the end.

The super-deduction allows a company (but not a sole trader or partnership) to deduct 130% of certain expenditure if it is incurred in the two-year period from 1 April 2021 to 31 March 2023. This is the two-year period before the 25% corporation tax rate is introduced for larger companies. The super-deduction generally applies to expenditure on plant and machinery that qualifies for the higher rate of writing down allowance.

There is no transitional provision at the start of this two-year period. If the expenditure meets the conditions and was incurred on or after 1 April 2021, the company may claim 130% of the expenditure. It does not matter in which accounting period the expenditure was incurred.

There is a transitional provision at the end of the two-year period where the company's accounting period straddles 31 March 2023. The additional 30% is reduced to a pro rata amount on how many days were in the accounting period to 31 March 2023.

If a company has a one-year accounting period to 31 December 2023, only 90 days of that accounting period fall within the two-year life of the super-deduction. Therefore the additional element is calculated as:

$$30\% \times 90/365 = 7.4\%$$

So for expenditure incurred between 1 January 2023 and 31 March 2023, the super-deduction is restricted to 107.45%. If that expenditure could be brought forward to before 1 January 2023, the company would qualify for the full 130% super-deduction.

Note that the expenditure must still be incurred by 31 March 2023. Expenditure from 1 April 2023 does not qualify for super-deduction.

HMRC is chasing **footballers** and clubs for unpaid tax.

According to figures from accounting firm Hacker Young, HMRC has discovered £5.8 million owed by footballers, and £4.8 million owed by their agents in 2020/21. HMRC believes that a further £34 million is owed by clubs.

HMRC opened compliance investigations into 93 footballers and 23 agents.

A common target is the agent's fee for managing a transfer of a player.

New provisions for **uncertain tax treatments** apply from April 2022, postponed by one year from the original planned date of April 2021.

The provisions are designed to give HMRC more notice where there could be an issue as to the correct tax treatment. Details were put out to consultation which did not simply rubber-stamp what the government had already decided but did lead to significant changes.

A company must report a tax uncertainty if one of the following applies:

- the company has made a provision in the accounts for possible additional tax
- the company knows that its decision goes against HMRC policy, or

- there is a “substantial possibility” that a court or tribunal would find the company’s position to be incorrect in one or more material aspects.

This list replaces the originally proposed seven triggers. HMRC has also decided not to follow international accounting standard IFRIC 23 on tax uncertainties but to use more objective tests.

One of the main practical tests is that all businesses will be able to discuss uncertain tax treatments with HMRC even when they do not have a Customer Compliance Manager. We do not yet know how this will work in practice.

The scope of taxes has been reduced. The provisions will not apply to customs duties, excise duties, stamp duty land tax, stamp duty reserve tax, bank levy, and petroleum revenue tax.

Transfer pricing has been removed from the scope as it has separate provisions.

The threshold has been increased from £1 million to £5 million. Tax uncertainties need reporting only when the tax involved exceeds this threshold. Unchanged is the provision that only a large business needs to comply. This is one which has a UK turnover of at least £200 million or a UK balance sheet of at least £2 billion.

A separate notification is required for each tax regime which must be made by the due date for the tax return. For non-annual returns, notification is required when the last return is due for the financial year. The original idea of using the Senior Accounting Officer procedure has been dropped.

The inevitable penalty regime is introduced. The sums are:

- £5,000 for the first occasions;
- £25,000 where it has been assessed for a notification penalty for the same tax in the three previous years

- £50,000 where it has been assessed for two or more notification penalties for the same tax in the previous three years.

There is no penalty if the business can show reasonable excuse.

Personal tax

HMRC is expanding its pilot service that allows tax agents to access **clients’ PAYE records**, it was announced in August 2021

HMRC introduced a private beta service in 2016, but this is limited to agents who, broadly, have no more than 200 clients.

From 23 August 2021, the service is extended to a further 6,000 agents who have up to 500 employer clients. There is a daily limit on the number of agents invited to join.

The fifth series of grants of **self-employed income support scheme** (SEISS) depends on how much a person’s turnover has been affected by the coronavirus pandemic. If turnover has been reduced by at least 30%, the grant may be of 80% of three months’ average trading profits, capped at £7,500. If turnover is reduced by less than 30%, the grant is capped at £2,850. This, in turn, requires guidance on how turnover is to be defined. HMRC has given guidance.

For construction industry scheme (CIS) subcontractors, turnover is the full amount before any deductions made by the contractor.

For a partnership, a partner should aggregate his or her share of partnership profits with any other business income.

HMRC has confirmed that it will accept claims where turnover has increased, though it is less likely that the “adversely affected” condition would be met in such circumstances.

Almost 1.8 million **married couples** and civil partners are claiming the transferable marriage allowance, according to HMRC in August 2021.

The allowance lets one party to a marriage or civil partner transfer up to 10% of their personal allowance to their partner, provided neither pays the higher rate of income tax.

This means that £1,260 of the £12,570 personal allowance (as the transfer is rounded) may be transferred. This can be worth £252 tax saving. A claim may be made for the current year and the four previous tax years, provided the conditions are met.

Scottish taxpayers paid an extra £900 million in taxes over the last three years because of higher Scottish tax rates, and received £170 million in additional benefits. These figures are in comparison with the tax they would have paid had the taxes not been devolved three years ago. The figures come from the Scottish Parliament Information Centre (SPICe).

Scottish income tax rates are higher than for the rest of the UK for two reasons. The main rates are all one percentage point higher, so 20%, 40% and 45% are replaced by 21%, 41% and 46%, though this is partly mitigated by small lower bands of 19% and 20%. Second, the threshold at which the higher rate becomes payable is lower.

For 2021/22, incomes below £27,000 save £20 in income tax.

Valued added tax

From 1 April 2022, all VAT registered businesses must use **Making Tax Digital (MTD)** procedures. They already apply for businesses that are registered because their turnover exceeds £85,000 a year. The new provisions therefore extend this to smaller businesses that have chosen voluntary registration. Such businesses can use MTD on a voluntary basis.

MTD requires businesses to keep digital records. A tax return is submitted every three months. This procedure is to be extended to income tax from 6 April 2023. Originally MTD would not have been required for landlords and sole traders earning up to £10,000 a year. That exception has been removed, and MTD will apply to all traders and landlords.

Corporation tax is expected to come within MTD from April 2026. This system is still in the design and consultation stage.

Preparations for MTD for VAT and income tax should already be underway.

The main preparation for sole traders is to have accounts stored digitally. Survery by The Accounting Partnership found that 18% still use paper filing, while 10% keep their records in a shoe box or similar.

The government said on 21 August 2021 that it is supporting the building of 30,000 to 40,000 custom and self-build homes.

It has put forward six recommendations designed to promote self-build. The last of these is “iron out tax issues: to create a level playing field between this type of homes and speculatively built homes”.

This recommendation could address some of the anomalies that arise under the VAT provisions for **DIY homes**. This allows self-builders to claim back VAT on building materials so that they are in a similar position to market builders who can zero-rate the building of new homes, including most of the materials they use.

The DIY scheme does not fully achieve this objective for two main reasons:

- a market builder can reclaim VAT on building materials as he or she acquires them. A DIY builder has only one opportunity to reclaim VAT and this is when the building work is complete
- the DIY scheme is subject to restrictions. For example, the property must be built according to planning permission, so VAT recovery can be lost if it is necessary to change the permission during building (even if the council agrees). Also there are strict deadlines.

Two VAT forms for **DIY builders** were updated in August 2021. These are form VAT431NB for DIY build new houses and VAT431C for conversion of an existing building to a new dwelling. In each case the form must be submitted within three months of completion of the work to recover VAT paid on building materials.

National insurance

The limitation period for a **personal liability notice** for unpaid national insurance ran from when the personal liability notice was issued, a tribunal ruled.

A personal liability notice may be made against a director of a company if national insurance is unpaid as a result of the action of the director, subject to some safeguards. This case concerned unpaid national insurance when the company went into voluntary liquidation.

The Limitation Act 1980 gives a six-year limitation period to claim a debt. This is to prevent someone having a debt hanging over their heads indefinitely as memories fade and evidence can become less available. There is an exception for tax for which other provisions apply. National insurance is not, legally, a tax. So the six-year limitation does apply. If the company had not entered liquidation, HMRC would have had to prove its claim within six years.

The tribunal found that the limitation period ceases to run from the date of winding-up. The limitation period for a personal liability notice runs from when the notice was issued.

The case report can be downloaded from

<https://financeandtax.decisions.tribunals.gov.uk/judgmentfiles/j12193/TC08241.pdf>

Gary Wagstaff [2021] TC 8241

Inheritance tax

Londoners paid an average £271,820 inheritance tax on estates in 2018/19, compared to £209,502 average by all UK estates.

A total of £5.69 billion was paid in inheritance tax, representing 3.7% of estates.

The UK has one of the world’s highest inheritance tax rates at 40%. The nil rate band has not increased since 2009, although the residence nil rate band has been introduced.

Spain is to abolish an unpopular law that has obstructed inheritances. Under the law, when someone dies without an heir, their property cannot be sold for two years to allow time for an heir to come forward. This includes illegitimate children.

The law is changed from 3 September 2021. It dates back to 1946 in its present form but has origins going back further. This is said to be from the ancient practice of a man having two families.

Stamp taxes

A swimming pool building and a barn building together were not a separate dwelling from the main residence. Therefore the taxpayer could not claim **multiple dwellings relief**.

Neither building had a kitchen, nor provisions which would easily allow kitchen equipment to be installed. The pool building had a shower and toilet, but the barn building did not. The taxpayer argued that the lack of an internal toilet was not fatal to its claim. A dwelling with an outside toilet is still a dwelling.

The tribunal held that it is possible for two detached buildings to be treated as one dwelling. It is also held that the facilities had to be judged at the date of transfer. Subsequent works could not be considered.

In this case, the lack of kitchen facilities and the fact that the pool building had no internal toilet meant that the two buildings could not be considered as separate dwellings, either individually or together.

The case report can be downloaded from

<https://financeandtax.decisions.tribunals.gov.uk/judgmentfiles/j12185/TC08233.pdf>

Mark Lovell [2021]. TC 8233.

An application for **multiple dwellings relief** was refused for a residential property with a separate detached building as that building did not have proper kitchen facilities, such as a sink and a raised work surface suitable for food preparation.

The case report can be downloaded from

<https://financeandtax.decisions.tribunals.gov.uk/judgmentfiles/j12186/TC08234.pdf>

Gordon and Margaret Morse [2021] TC 8234

An **annex** was held not to be a separate dwelling because of a lack of kitchen. Therefore multiple dwellings relief could not be claimed.

In the case, the annex had no kitchen though there was plumbing for water and waste in place. The judge said, “a functioning kitchen is more than the summation of electrical appliances and gadgetry. Water supply for cooking and washing up, a sink and hygienic surfaces for food preparation, waster drainage and disposal, ventilation and fumes extraction with ducting to the exterior, are other essential aspects of kitchen facilities, together with measures to comply with environmental and fire safety regulations. These essential aspects were absent at the effective date to provide the necessary facilities to meet the basic need of an occupant generally for food preparation” (para 48).

Other issues were considered.

The case report can be downloaded from

<https://financeandtax.decisions.tribunals.gov.uk/judgmentfiles/j12198/TC08247.pdf>

Robert David George and Rachel Claire George [2021] TC 8247

On the facts of the case, HMRC failed to discharge the burden of proof that the taxpayer caused a loss of stamp duty land tax (SDLT) in a failed claim for **subsale tax relief**. HMRC did not meet the conditions set out in Finance Act 2003 Sch 10 para 30(2).

On a separate point, it was argued that HMRC had not made a discovery as, it was claimed, that discovery for SDLT had to relate to a specific transaction, unlike for other taxes. The tribunal found that HMRC had made a valid discovery.

G C Field and Sons Ltd. Others [2021] TC 8239

Stamp duty land tax (SDLT) creates an additional tax burden for **gradual home owners**.

Gradual home ownership is where someone in effect buys a small share of a residence. The balance is owned by an investment company to whom the residents pay rent. The residents can then buy further shares, reducing the share on which they pay rent, and eventually buy the whole property. This is given effect by the residents buying a share of an limited liability partnership (LLP). The LLP appears as the registered owner.

Such schemes are offered by companies such as Wayhome. A resident can start with owning as little as 5%. This can increase to 40%, after which the residents must either buy out the other 60%, or sell their stake back to the LLP.

This is similar in objective to the government-backed shared ownership scheme used for 175,000 homes. Wayhome point out that their scheme is more generous. It allows residents to borrow up to eight times their annual salary, against a more typical four times for other mortgages.

The snag is in stamp duty land tax, which was not designed for such schemes.

Because the property is registered as a partnership between the residents and the investment company, the residents do not qualify for relief for first-time buyers. Instead, the property is regarded as a commercial investment and is subject to the higher rate.

Each time, a further stake is acquired, more SDLT is payable. When the residents acquire the whole of the property, they must pay SDLT on the whole amount, including the share they already "own". HMRC regards this as a sale from the LLP to the residents which attracts a second payment of SDLT. The company is discussing the matter with HMRC.

A **communal garden** is not commercial land for the purposes of stamp duty land tax (SDLT), a First Tier Tribunal has ruled.

The consequence is that this element of the purchase price is subject to SDLT at 15% residential rate rather than 5% commercial rate.

The case concerned Nael Khatoum, chief executive of Oaktree Capital, who bought a property in Tedworth Square in West London for £9,375,000 in 2018. He paid £1,320,000 SDLT and was applying for a rebate of £861,750.

Khatoum argued that this square was not attached to his property, and was used by other people. It was also argued that it was mixed use land as a cafe operated there, though this was disputed. Khatoum has said that he will appeal.

Other taxes

Cigarettes imported for a person who had paid for them were imported for a commercial purpose, even when the person simply reimbursed the cost.

In 2018, a man returned from Lithuania which was then a fellow member of the European Union with the UK. He brought in 2,000 Winstons cigarettes and 8,000 Marlboro. The law allowed personal import of any number of cigarettes from another EU country for personal use.

The Winstons cigarettes were for his girlfriend who had paid for them. This makes them a commercial transaction which is not allowed. He claimed that the Marlboro cigarettes were for his personal use, but it was deemed to be for commercial use as he had not challenged the seizure in the magistrates' court.

The tribunal had no power to review the seizure. It does, however, have power to reduce the penalty. It decided that the Winstons cigarette duty was not evaded deliberately and so reduced that element of the penalty, so it reduced from £202 to £57.

The case report can be downloaded from

<https://financeandtax.decisions.tribunals.gov.uk/judgmentfiles/j12196/TC08245.pdf> .

Donatas Odinas [2021] TC 8245.

The four-year period for repayment of **biofuel duty** runs from when the overpayment was made, not from when the original payment of duty was made.

By mistake, two companies paid fuel duty on the same consignment of fuel. A tribunal decision established who was liable. The other company claimed a refund. HMRC refused this on the grounds that it was more than four years since the duty was paid.

HMRC was also criticised for twice changing its position on the matter.

The case report can be downloaded from

<https://financeandtax.decisions.tribunals.gov.uk/judgmentfiles/j12192/TC08240.pdf>

UK Renewable Fuels Ltd [2021] TC 8240

A new trade deal with **New Zealand** was announced on 21 August 2021. The deal removes tariffs of up to 10% on products provided between New Zealand and the UK.

UK shoppers should see lower prices on New Zealand products such as food and wine, while UK exporters will benefit from tariff reduction on gin, buses, clothes and other products.

UK/New Zealand trade was worth £2.3 billion last year. This is expected to increase as a result of the trade deal.

Tax administration

HMRC published details of its **performance** for the first quarter of 2021/22 on 25 August 2021.

The main points are:

- “customer satisfaction” is 83%
- webchat facility handled more than 3 million chats
- telephone call waiting times were still long at 13.38 minutes. They more than halved from 19.25 minutes in April 2021 to 8.45 minutes by the end of June 2021

- 35.5% of customer correspondence was turned round within 15 working days.

HMRC could be regarded as having sent a proper notice to a taxpayer when it had been sent to his agent who engaged with HMRC on the matter. The Supreme Court so ruled on 30 July 2021. **Estoppel** is the legal rule of evidence that stops a person denying the effect of a document or action. There are different types of estoppel with different rules.

In this case, HMRC purported to send the taxpayer a notice under Taxes Management Act 1970 s9A of its intention to inquire into his tax return for 2003/04. The notice was sent to an old address and was never received by the taxpayer.

HMRC also wrote to the accounting firm BDO as the taxpayer's agents, including a copy of the notice. BDO acknowledged this by letter, and also sought to obtain tax relief for a gilt strip loss that had been omitted from the tax return. After further discussion with BDO, HMRC issued a closure notice denying the loss claim.

The taxpayer asserted that, as the notice was not delivered to him, there had never been a valid inquiry. There was therefore no inquiry for HMRC to close, so the closure notice was of no effect.

The Supreme Court said that estoppel by convention was notoriously difficult to pin down. It usually arose in contractual dealings, but could arise in other contexts, such as tax. Based on past cases, the Court set out five conditions for estoppel by convention to apply. BDO did not have authority to receive a notice of inquiry into the taxpayer, but did have authority to negotiate with HMRC, including dealing with issues arising in an inquiry. This gave the firm the apparent authority for the estoppel-raising conduct alleged.

BDO and HMRC were under the common misapprehension that the taxpayer had received the notice. BDO's letter acknowledged that the return was now under inquiry. There were further calls and letters between BDO and HMRC. These indicated that the taxpayer was aware of the inquiry at a sufficiently early stage for HMRC to issue another notice within the time limit.

Tinkler v HMRC [2021] SC. The Times 19 August 2021

A **tax fraudster** has had ten years added to his prison sentence for failing to repay £11.1 million to investors. The order was made on 19 August 2021.

Michael Richards, an environmental scientist, ran the scheme in which investors were told their funds would be invested in research and development in Brazil and China. They told investors to claim tax relief. The £100 million scheme is the UK's biggest tax fraud.

Richards and his three associates siphoned off the money into secret bank accounts in Switzerland and Netherlands. They were convicted in 2017 after a ten-year investigation.

Richards relied on the reputations of his four associates.

Jonathan Anwyl is the son of judge Shirley Anwyl QC, a circuit judge for 13 years to her retirement in 2008. He was imprisoned for 5½ years for cheating the public revenue.

Rodney Whiston-Dew was a solicitor before being struck off.

Eudoros Demetriou was a senior executive at EMI and Warner Music. He was a former conductor of the Vienna Philharmonic Orchestra.

The fourth member was Robert Gold.

In all, 730 investors joined the scheme. They were promised that a £20,000 investment would become £32,000 with tax relief. Investors are believed to include England football manager Sven Eriksson, singer Sophie Ellis-Bextor, actor Neil Morrissey, and the prime minister's father Stanley Johnson.

The “**union dividend**” is now £2,210 for every person in Scotland, according to the Scottish government's own figures. The union dividend measures how much Scotland benefits by remaining as part of the UK.

In the year to March 2021, the Scottish government collected £389 per person per year less tax than the rest of the UK. The Scottish government also spent £1,828 more per person.

The for Fiscal Studies estimates the union dividend to be just under £4,300 for Wales, and just under £5,000 for Northern Ireland.

The only part of the UK which pays its way is the South of England where tax revenue exceeds public expenditure by £2,000.

The **Chinese actress** Zheng Shuang has been fined £34 million for tax evasion as the Chinese government clamps down on tax evasion. Shuang has appeared in *Sword of Legends*. She is the latest high-profile personality to be pursued. The authorities have said they expect personalities to repay the society that funds them.

Two leading members of **Tax Justice Network** (TJN) resigned from the body on 26 August 2021, saying that it was wasting its funding. John Christensen is the chairman. He is joined by financial commentator Richard Murphy.

TJN receives funding from the European Union and the Norwegian government. TJN exists to expose tax avoidance.

Jonathan Athrow is **appointed** as HMRC's new director-general for the Customer Strategy and Tax Design Group, it was announced on 16 August 2021.

He takes up the appointment at the beginning of October 2021.

Pensions

The implications of a change in measuring **inflation** on pensions was published on 24 August 2021 by the Government Actuary's Department.

The three commonest measures of inflation are:

- retail prices index (RPI)
- consumer prices index (CPI)
- consumer prices index with housing (CPIH).

All three measure the increase in goods and services over time.

The measures differ in terms of which items are included, and how these prices are collated into a single measure. RPI has consistently been higher than CPI or CPIH. CPIH has usually, but not always, been higher than CPI.

Another factor is that CPI is calculated as a geometric mean rather than arithmetic mean. A geometric mean generally gives a lower average than the arithmetic mean. An arithmetic mean adds N numbers and divides by N. The geometric mean multiplies N numbers

and takes the Nth root. A simple illustration is to consider two numbers: 2 and 8. They total 10 which divides by 2 to give 5, which is the arithmetic mean. The numbers can be multiplied to give 16 from which the 2nd root (ie square root) is 4, lower than the geometric mean.

RPI has been dropped as an official national statistic because of various shortcomings. However, it is still produced as it is used for many purposes, such as for index-linked bonds and index-linked pensions. RPI is due to be reformed from 2030. The Association of British Insurers estimates the change will cost investors and pension funds £96 billion.

For pensions, the change could reduce the pension by 5% for a woman, and 4% for a man, based on someone who is 65 in 2020.

Some pension funds have launched a judicial review arguing that the government did not properly consider the implications of the change.

The **triple lock** for state pensions may not be followed for 2022, it was reported in August 2021. The triple lock guarantees that the state pension will increase by the highest of wage inflation, price inflation and 2.5%. Because of returning workers from furlough, wage inflation is an exceptionally high figure above 8%.

The **high income child benefit charge** (HICBC) could be denying some parents entitlement to the state pension.

From 2013, a household where one person earns at least £50,000 must either pay HICBC or disclaim their right to child benefit. Child benefit is paid to an adult, usually the mother, in respect of a child either 16 or under 20 and in approved education and training. The current rate for 2021/22 is £21.15 a week for the first child, and £14 a week for each subsequent child without limit.

If the householder has someone earning £60,000 a year or more, they lose all the child benefit. Between £50,000 and £60,000, child benefit is clawed back at the rate of £1 a year for every £100 of income above £50,000. This clawback is given effect by an income tax charge known as high income child benefit charge (HICBC).

HICBC can be avoided simply by not claiming child benefit. It is necessary to claim for a child and then disclaim to ensure that the child is in the system and gets his or her national insurance number when they are 15.

A parent who stays at home to look after a child qualifies for credited national insurance contributions. This means that they do not pay national insurance but are treated as though they have.

If the parent has disclaimed child benefit, those years do not qualify for credits. A person must have 35 years' credits to get the full state pension. These credits must be paid or credited between the ages of 16 and (currently) 66.

It is usually preferable to receive child benefit and pay HICBC.

From 1 October 2021, pension schemes are required to consider **climate change**.
The Occupational Pensions Schemes (Climate Change Governance and Reporting) (Miscellaneous Provisions and Amendments) Regulations SI 2021 No 859

The **judicial pension scheme** is being reformed, the government announced on 10 August 2021. A consultation on the details runs to 8 October 2021.

Welfare

The Department of Work and Pensions (DWP) is making “offers” to claimants who are appealing against a work assessment for **personal independence payment (PIP)**. This is a social security benefit for disabled people. If the claimant accepts the offer, the appeal lapses. The DWP has revised guidance to make clear that no claimant should be pressured into accepting an offer. They should also be reminded that an appeal may be made against an offer.

In summer 2021, the Department of Work and Pensions (DWP) finished checking underpayments of **income-related employment and support allowance (ESA)** made from conversions from incapacity benefits.

Out of 600,000 cases checked, it found that 118,000 had been underpaid. A total of £613 million has been paid to claimants, with an average payment of around £5,000.

The cost of a **travel test** for coronavirus under the NHS Test and Trace is reduced from £88 to £68, the government announced on 14 August 2021.

The tests remain free for people showing symptoms of coronavirus.

The Scottish government has increased the value of its Best Start **food schemes**. This provides a prepaid card that can be used to buy healthy foods. The limit increases from £17 a week to £18 during pregnancy and for children aged 1 to 3. It increases from £34 to £36 for children between birth and one year old.

From 24 August 2021, all people in Scotland under 26 qualify for free **dental care**.

The police do not always use their powers to **protect women**, according to a new report entitled *A Duty To Protect* produced by the College of Policing and other bodies in August 2021. The report was the result of police super-complaint submitted by the Centre for Women’s Justice.

The report found many examples of good police practice, particularly when the police had support from a legal team.

It also found many instances where the police did not properly use the legal measures available to them. Examples include asking abusers to attend voluntary interviews instead of arresting them, and not using restraining orders.

Domestic violence accounts for 15% of all recorded crime and 35% of violent crime in England and Wales. More than 100,000 people in the UK are assessed as being at high or imminent risk of murder or serious injury. On average, seven women are killed each month by a partner or former partner.

The report sets out actions and recommendations for chief constables. The report can be downloaded from

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data

[a/file/1012890/a-duty-to-protect-police-use-of-protective-measures-cases-involving-violence-against-women-and-girls.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/1012890/a-duty-to-protect-police-use-of-protective-measures-cases-involving-violence-against-women-and-girls.pdf) .

The home secretary was not required to provide accommodation to a destitute **failed asylum seeker** during the pandemic, unless the seeker was trying to leave the UK. The High Court so ruled on 22 June 2021.

The case concerned a 29-year-old failed asylum seeker from Afghanistan. He could have left the UK but made no effort to do so. He was living on the street with no support. The home office had taken no steps to remove him.

An immigration tribunal had decided that he should be provided with accommodation, bearing in mind the coronavirus risk to him and to others if he remained unaccommodated.

The court found that the asylum seeker could have resolved his problem by registering with the voluntary returns service.

R (Secretary of State for the Home Department) v First-Tier Tribunal (Social Entitlement Chamber). [2021] QBD. *The Times* 9 August 2021

A bespoke scheme has been introduced for **Afghan refugees** resettling in the UK, the government announced on 18 August 2021. The initial scheme applies for 5,000 refugees with provisions for a further 20,000.

The scheme is modelled on that for Syrian refugees, of whom 20,000 were resettled between 2014 and 2021.

This programme is separate from the existing Afghan Relocations and Assistance Policy.

A court must carry out a fine balancing act when deciding whether to **deport** a young adult migrant for criminal behaviour when he had spent most of his life legally in the UK. That balance was between his right to private life and the state's right to prevent crime. Having made that balance, there was no need for a further consideration on whether there was "very serious reasons" to justify expulsion. The Supreme Court so decided on 16 July 2021.

The case concerned an Iranian born in 1995 who came to the UK with his mother in 2005 and was given indefinite leave to remain.

In 2009, he was convicted of three charges of attempted robbery. In 2011, he was convicted of possession of an offensive weapon. In 2013, aged 17, he was convicted of six charges of robbery, three of attempted robbery, and one of handling stolen property. The robberies were committed at knifepoint. He served three years in a young offenders institution.

It was noted that the offender had no relations in Iran. He would have difficulty in resettling in Iran because of his long absence and that he could not write or speak Farsi.

The Court upheld decisions made by lower courts and tribunals that the need to prevent crime outweighed any right to remain, and so upheld the decision to deport.

Sanambar v Secretary of State for the Home Department [2021] SC. *The Times* 3 August 2021.

A court could place a child in an **unregistered home** if there was a risk that the child would otherwise come to harm if not deprived of her liberty. This was despite the fact that a person running an unregistered home is committing a criminal offence. The Supreme Court so ruled on 30 July 2021.

A local authority wished to place a child in secure accommodation. There were no places available in a secured children's home so an order could not be made under Children Act 1989 s25 or Social Services and Wellbeing (Wales) Act 2014. Accordingly, it applied for an order under the inherent jurisdiction of the High Court.

Children Act 1989 s100(2)(d) said the High Court should not exercise its jurisdiction in this way. In answer to the issue that the court was cutting across the Act, the Supreme Court said it was unthinkable that the courts should have no means of protecting a child.
re T (a child). [2021] SC. The Times 16 August 2021.

Accounting

The Financial Reporting Council (FRC) is consulting on changes to **taxonomies** from 2022. A taxonomy is a tag (or code) applied to items in financial accounts to assist in the production of statistics.

Proposed changes include:

- adding more detail to the Taskforce on Climate Related Disclosure (TCRD) tags
- adding gender pay gap tags
- supporting a Welsh label linkbase

The matter is out for consultation until 16 September 2021. It is intended that the revised taxonomy will be released on 8 October 2021.

Takeaway food company Just Eat and cruise liner company Carnival have been reported to the Financial Conduct Authority (FCA) for failing to address **climate risk**. Their auditors, Deloitte and PwC, have been put on notice for failing to address climate risk in their audits. The companies were reported by ClientEarth, a charity that monitors climate risk disclosures of the largest 250 companies.

From the beginning of 2021, listed companies have been required to disclose their climate-related risks to investors.

Just Eat did not mention climate change in its 2020 report, and offered limited commentary on environmental impacts and opportunities, such as reducing plastic packaging. The company challenged these comments. It said the 2020 report contained all the information required. The company is gathering further information, including a global carbon footprint analysis.

Carnival also made no reference to climate change in its annual report, and only vague statements in its strategic report. The company refused to comment. FCA has dismissed some other complaints made by ClientEarth.

Banks have been asked to check accounts of young teenagers for evidence of possible involvement with drug dealing operations known as **county lines**, according to a report by BAE Systems Applied Intelligence in August 2021. There are believed to be about 600 county lines in operation, down from 2,000 in 2019.

Possible signs include transfers of unusual sums and withdrawals of cash a long distance from home. Although most drug deals are done in cash, it is believed that banks can still play a

role in providing intelligence. Banks could set flags for vulnerable children when a transfer involves more than a few hundred pounds.

Accounting firm EY was fined £3.5 million for failings in its audit of transport company Stagecoach in 2016/17.

The penalty was reduced by 10% for mitigating factors, and by 30% for early payment, so the net penalty was £2.2 million.

The firm has also received a severe reprimand, and is required to report to Financial Reporting Council (FRC) for one year in respect of its audit work.

FRC said the firm had failed to obtain appropriate evidence for the audit and failed properly to evaluate expert evidence. It also failed to challenge management and exercise professional scepticism.

Peloton, the exercise bike company, has reported problems in reporting its **inventory**, it was disclosed in August 2021. The problem arose from a material weakness in identifying and valuing inventory. This was discovered in an immaterial discrepancy in the year-end stock take. The issue does not result in a material misstatement of the company's financial position, and does not require any restatement of the accounts.

The consequences of a **long-term trust** were demonstrated by Fulbourn parish in August 2021.

In 1525, nearly 500 years ago, Richard Wright bequeathed some small areas of land in Fulbourn to pay for the upkeep of the church clock and to ensure ringing of the church bell.

In the 1880s, the trust swapped these pockets of land for a 17-acre field outside the village.

The council later changed the field's designation so that some of it could be business land. The trust sold nine acres for £18.5 million.

The terms of the trust have been widened, but funds must still be spent on the village of 5,000 residents. The annual interest of £200,000 is more than eight times the parish council's revenue, making it one of the few councils with the problem of what to do with all its money. And the trust still owns another eight acres.

More than €1.6 billion worth of **pesetas** are missing, it was disclosed in August 2021.

The peseta was the currency of Spain from 1868 until it adopted the euro in 2002. About 86% of pesetas were handed in almost immediately. Coins were ground down and turned into beer barrels. Peseta notes were shredded.

Some old currency is always kept in coin collections, old drawers and down the back of sofas, but not on this scale. Also missing are €500 million in French francs and €40 million in Portuguese escudos.

Business finance

The Financial Reporting Council (FRC) published three reports into the **Corporate Governance Code** in the third week of August 2021. The Code dates from 2018.

The reports deal with:

- provisions on remuneration
- workforce engagement
- board diversity and effectiveness.

The first report was produced with University of Portsmouth. Its key findings are that:

- companies are now disclosing more information about engagement with shareholders and, to a lesser extent, with the workforce
- companies are now disclosing more information about alignment of directors' remuneration with long-term shareholder interests
- the extent of disclosure for all provisions and principles related to remuneration policies increased between 2017 and 2019.

On 10 August 2021, the government announced a new £750 million reinsurance scheme for **live events**.

This is in response to insurance companies pausing events cover during the pandemic. The insurance allows an event organiser to insure against cancellation because of coronavirus. Insurance is provided by insurance companies with the government acting as reinsurer. The scheme runs until September 2022.

About £6 billion is now owed in rent on **commercial properties** that went unpaid during the lockdown. The Commercial Tenants Association has written to the government to ask for a minimum 50% rent reduction to help clear the backlog. Landlords cannot take enforcement action until 25 March 2022, which date has been repeatedly put back.

Meanwhile landlords are frustrated that well-funded retailers are using the opportunity to withhold payment of some rent.

The government has suggested that binding arbitration may be introduced if landlords and tenants cannot reach agreement.

On 17 August 2021, the government announced plans for a **hydrogen economy** to create investment and jobs, and to help reduce carbon emissions. It is claimed that this could create 9,000 UK jobs and unlock £4 billion investment by 2030.

Hydrogen is a clean fuel as it produces only water when burned. The problem comes from producing it. Hydrogen is the lightest element. It is also the most abundant element comprising 75% of all normal matter. The problem comes from extracting hydrogen as a pure gas from the compounds. Commercial production generates hydrogen from methane which uses energy and produces carbon dioxide, defeating this as a means of moving to clean fuels. Producing "green hydrogen" involves such processes as carbon capture and using low-carbon energy such as from wind.

The aim is for hydrogen to provide 5 gigawatts of energy by 2030, sufficient to replace natural gas in 3 million homes, in addition to power for transport and business. It is also believed that between 20% and 35% of the UK's energy consumption could be met from hydrogen by 2050.

Projects include assessing the feasibility of mixing 20% hydrogen into the gas supply. If possible, this would reduce emissions from gas by 7%.

The government plans a mixed economy of government help to business to develop the technology. This was successfully employed in developing wind power. Like that scheme, Contracts For Difference (CFDs) will be used. This encourages investment by protecting developers and consumers from fluctuating energy costs.

On 4 August 2021, the village of Winlaton near Newcastle upon Tyne became the first to use of **hydrogen** in the gas supply. The 650 users were notified in advance that hydrogen would be trialled “shortly” but were not given a date. None of the residents noticed any difference. The proportion was initially 2%, with a view to increasing it to 20%. Northern Gas Networks said that users would not notice any difference. If trials continue successfully, up to 20% hydrogen could be phased in nationally. Appliances such as cookers and boilers would have to be converted to run on higher concentrations.

Hydrogen is now classified as green or blue. Green hydrogen is made by sustainable electrolysis of water. Blue hydrogen is made from methane caught in carbon capture. It produces carbon dioxide in addition to water when burned.

A further trial is planned for Fife in Scotland, where 300 homes will receive 100% hydrogen.

The trial started in the US on 30 August 2021 of Elizabeth Holmes, founder of Theranos, for one of the country’s biggest corporate **fraud trials**. If found guilty, Holmes could face 20 years in prison.

In 2015, Holmes sat with former president Bill Clinton, to promote the company and its product. The company was at one time worth \$9 billion. Its directors included leading entrepreneurs and politicians.

Its main product was a diagnostic machine called Edison. It was claimed that Edison could diagnose many different medical conditions from a single sample of a small amount of blood.

In 2015, it was disclosed that Edison was only diagnosing a few diseases. Most of the others were being tested using existing diagnostic equipment. Doctors and patients started querying some of the results.

Tesco supermarket left the government-backed **Prompt Payment Code** on 22 June 2021, it was disclosed in August 2021. About 3,000 large companies remain as signatories.

In January 2021, the requirements of the Code were tightened from July 2021. Signatories must pay 95% of small companies (fewer than 50 employees) within 30 days. The previous time limit was 60 days. Tesco said it could not comply with the new conditions as it did not categorise suppliers according to how many employees they had. Tesco also said that its smallest suppliers were paid within five days.

Companies donated £2.4 billion to **charities** and corporate groups in 2019, according to the body Pro Bono Economics. This works out at about £450 per business, which is believed to be about the same as the amount lost in petty cash.

This represents 0.06% of £3.95 billion businesses’ turnover.

The respiratory products company **Vectura** agreed on 12 August 2021 to accept a takeover bid from Philip Morris International despite objections from doctors and health bodies.

Philip Morris International is a tobacco company that makes more than 600 billion Marlboro cigarettes each year. Vectura's products include those designed to treat those people badly affected by smoking. Philip Morris is keen to move away from tobacco products. About 25% of its business is now not tobacco-related.

Creditors of music company **HMV** are likely to receive less than a penny in the pound, it was disclosed in August 2021.

HMV went into administration at Christmas 2018 after a slump in record and CD sales. It previously went into administration in 2013. Doug Putman, a Canadian entrepreneur, bought the company in February 2019 with a view to celebrating the company's centenary when it was launched as His Master's Voice.

HMV's secured creditors are owed £46.8 million and face a shortfall of between £21 million and £24 million. The administration expenses are capped at £2 million.

Personal finance

The limit for **contactless payment** on credit and debit cards more than doubles from £45 to £100 from 15 October 2021. This is the amount that can be paid by holding the card against a terminal. Larger amounts require the cardholder to enter a four-digit PIN number.

Contactless cards were introduced in 2007 for amounts up to £10. This rose to £15 in 2020; £20 in 2012; and £30 in 2015; and the current limit of £45 in April 2020.

Contactless payments accounted for 65% of all debit card transactions and 49% of credit card transactions in the year to May 2021.

There are warnings that the increase could make it easier for card holders to move into debt, and to be the victim of fraud if their card is lost or stolen.

New **Mastercard** will not have magnetic strips on them from 2024, it has been announced. These strips were developed in the 1960s to hold data. They were introduced on cards during the 1980s. The strip on the card allows data to be transferred by swiping the card through a terminal.

The data are now also held on a microchip embedded in the card. This holds more data and is more secure. It also allows for contactless payment.

Virgin Money has announced in August 2021 that it is closing Virgin Money Giving, its charitable giving division, opened in 2009. The bank says it is costing too much to run.

The government launched the **Vulnerability Debt Toolkit** on 24 August 2021. It is intended to help people who owe money to the government. The aim is to help those who need support and concentrate enforcement resources on those who deliberately avoid payment.

The elements of the toolkit are:

- training to handle disclosure of vulnerability
- framework for getting more information about the individual's circumstances
- protocol for supporting people in dangerous situations

- protocol for supporting people with mental capacity limitations
- resources to help people with debts by improved money management.

The toolkit can be downloaded from

<https://www.gov.uk/government/publications/debt-management-vulnerability-toolkit/debt-management-vulnerability-toolkit> .

There are ten times more **betting shops** in poor areas compared to prosperous areas, according to a study the University of Bristol for the Standard Life Foundation. It found that 21% of betting shops were in poor areas, compared to 2% in prosperous areas.

Although online gambling has grown, on-premises gambling still accounts for 44% of all gambling (which excludes lotteries) of £5 billion.

Changes have made to the rules for **educational support**. The changes are to ensure compliance with the EU withdrawal agreements. These ensure continued support for those who have acquired settled status by the due date.

Irish citizens living in the EEA or Switzerland continue to receive support for courses starting in England by 31 December 2027.

Students who come from the Isle of Man or Channel Islands are generally not eligible for support.

The Education (Student Fees, Awards and Support) (Amendment) (No 2) Regulations SI 2021 No 929

Student Loans Company is distributing £2 billion in maintenance loans to students in the first week of September 2021.

Students are reminded that an application can take between six to eight weeks to process. Students who apply late may not receive their full grant immediately. The company will try to provide the minimum maintenance loan with any additional funding later. Bank details, course details, national insurance number should be checked. The student must have registered on the course as payments cannot be made before.

Parents and partners may be required to provide details of their finance. This is done by setting up their own accounts. Documents such as P60 forms should not be uploaded unless requested as this will delay the application.

More than £20 billion has now been lent to home buyers under the **Help To Buy** scheme, the government announced on 13 August 2021.

More than 55,000 households bought their home under the scheme in 2020.

Since the scheme started on 1 December 2015, it has been used by 328,506 households.

The scheme allows a person to save up to £12,000 over four years, to which the government will add up to another £3,000. A couple can therefore receive a bonus of up to £6,000.

Barclaycard has moderated its reductions of credit limits, it was reported in August 2021. The change of heart affects about 100,000 customers. One customer reported a reduction from £13,500 to £250.

The average UK credit score rose 11% to 398 out of 700 between March 2020 and March 2021.

Barclaycard would not comment beyond saying that its decisions are based on what repayments customers can afford to repay.

A new government scheme called **First Homes** is being trialled in Newton Aycliffe in Durham. It aims to provide houses for key workers and their families. The first homes were made available on 26 August 2021.

The scheme provides homes at a discount of 30% from market price. This discount is locked into the property so that it applies to subsequent sales.

It is intended that a further 1,500 homes will become available later in 2021 with 60,000 provided by 2029/30.

Lloyds Bank and Nationwide have both agreed to provide loans of up to 95% to buyers.

Mortgage lending in June 2021 was a record £17.9 billion. The previous record was £11.5 billion in March 2021. Both records were prompted by the temporary reduction in stamp duty land tax (SDLT). The reduction was due to end in March 2021 but was extended in the March 2021 Budget.

In June and July 2021, house prices fell by an average 0.5% (according to Nationwide) as the reduction started to be phased out.

The threshold for paying SDLT on residential properties was temporarily raised from £125,000 to £500,000 until 31 March 2021. This date was then put back to 30 June 2021.

From 1 July 2021, the threshold reduces to £250,000 before reverting to £125,000 from 1 October 2021.

The discount voucher company **Groupon** has been told to make “swift changes” to the way it treats its customers.

In August 2021, the Competition and Markets Authority accused the company of not always giving refunds or replacement items. Products were not always accurately described. The company could be in breach of consumer law.

The company had promised in 2012 to improve its practices. The arrangement works by working with a retailer looking for a quick boost to sales. For example, a business may offer 100 discount vouchers. This goes ahead if 100 people sign up. Consumers pay Groupon which pays the retailer after taking a commission. Consumers then give the voucher to the retailer.

Problems have arisen when the retailer finds he or she cannot cope with the demand, or realises that they have mis-priced the deal and refuses to honour it.

Seven **mini-bond companies** were closed down by the Insolvency Service for mis-selling more than £20 million of loan notes. They also took £2 million from investors while insolvent. The Insolvency Service announced its action on 17 August 2021.

The principal directors of all seven companies were Christopher John Madelin and Oliver James Mason. The companies were Magna Investments X Ltd. MIX 2 Ltd. MIX 3 Ltd, MIXG Ltd, Magna Asset Management Ltd, Magna Project Management Ltd, and MIX Ops Ltd. They all have

the same registered address. The companies were wound up on 10 August 2021 with the official receiver appointed as liquidator.

The Financial Conduct Authority banned the mass marketing of mini-bonds to retail investors on concerns that they neither understood the risks involved nor could afford potential losses. The Magna companies were found to have overstated the security offered and protections afforded.

Mini-bonds do not have a legal definition. The term usually refers to illiquid debt securities as marketed to retail investors. In effect, it is an IOU from the company to an investor in return for a fixed rate of interest for a set period. At the end of the period, the investor's money should be repaid. If the company fails, the investor loses his or her money.

Winchester is the least **affordable city** to buy a house, according to Halifax. Buying a house there costs 14 times average earnings.

Worcester has overtaken Oxford where the cost is 12.4 times earnings.

The average for a home in a UK city is now 8.1 times average earnings. It was 5.6 times in 2011.

The Serious Fraud Office (SFO) was reported in August 2021 to be investigating entrepreneur **Gavin Woodhouse**. The investigation is into possible fraud and money laundering in investments in care homes and hotels between 2013 and 2019, which allegations have not been proved.

Investors are asked to complete a questionnaire by 30 September 2021. About 1,000 investors invested £80 million in companies owned by Woodhouse. He refused to comment on the investigation to the BBC.

Tesco Bank stopped customers from switching their accounts in August 2021. It said it was overwhelmed by demand and had imposed a temporary restriction.

In July, it closed 213,000 accounts.

The accounts were first offered in 2014. They stopped offering them in December 2019.

Hub Energy that supplies gas and electricity became insolvent in August 2021. It had 6,000 individual and 9,000 business customers. It is the third small energy company to go bust in 2021, following Green Network Energy and Simplicity. Ofgem arranges for those customers to be automatically switched to other suppliers.

Law

In assessing whether a **non-compete agreement** is unreasonable as a restraint of trade, the court was entitled to consider the parties' non-contractual intentions at the time. The Supreme Court so ruled on 23 July 2021.

The issue arose between two law firms on who may act for group claimants against Volkswagen in respect of diesel emissions. In particular, the issue was whether Marcus Sinclair's non-compete agreement with Your Lawyers was unenforceable as a unreasonable restraint of trade. The agreement only related to that litigation.

The court considered that the issue should consider non-contractual matters such as what the parties had informally intended should flow from the agreement.
Harcus Sinclair LLP v Your Lawyers Ltd [2021] SC. The Times 4 August 2021

A contractual right to **liquidated damages** could be applied to a delay when the contract is terminated early. The Supreme Court so decided on 16 July 2021. Liquidated damages are where the parties agree in advance a sum to be paid should one party not perform the contract. It avoids the need to argue later about the amount payable.

A technology company (Triple Point) contracted to provide a software system to a company called PTT. Payment was to be in stages. PTT terminated the contract when only the initial stages has been completed, late.

The contract said that damages were payable for late work “up to the date PTT accepts such work”. The first issue was whether PTT could claim for work it had not accepted because Triple Point had not delivered it. The Court decided that a claim could be made for work that had not been completed, but should have been, by the date the contract ended. The effect of that clause could not be avoided simply by not providing the work at all.

Second, the Court considered that the word “negligence” used in the contract included breaches of contract. It was not limited to negligence outside the contract. Other issues were considered.

Triple Point Technology Inc v PTT Public Co Ltd [2021] SC. The Time 2 August 2021

UK **musicians** and other performers do not need a visa for short-term tours in 19 EU states, it was announced on 4 August 2021.

The countries are Austria, Belgium, Czech Republic, Denmark, Estonia, Finland, France, Germany, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Netherlands, Poland, Slovakia, Slovenia and Sweden.

EU countries not included are Bulgaria, Croatia, Cyprus, Greece, Malta, Portugal, Romania and Spain.

The arrangement broadly allows touring for up to three months.

EU and EEA citizens who apply late for **settled status** in the UK will have their rights protected while their applications are determined, the government said on 6 August 2021.

This provision also applies to their family members who seek such status.

More than 6 million applications were made by the deadline of 30 June 2021. This is about twice the number expected. Of these, 5.1 million have already been given settled status. Settled status allow the person to continue to live and work in the UK.

Up to 80,000 EU nationals could lose their right to **settled status** because of errors in their applications, according to law firm Bates Wells in August 2021.

When the UK left the EU, citizens of other EU states were allowed to apply for settled status to ensure they could continue to live and work in the UK. Applications had to be made by 31 July 2021, though later applications can be accepted. About 6 million people applied, which is twice the number expected.

Another 2,000 families are to receive up to £500 in vouchers towards **mediation** when parents separate. The idea is to keep easily resolvable disputes of the family courts. The government announced this on 28 August 2021.

The scheme was initially launched in March 2021. Currently about 130 vouchers are used each week.

There could be no rectification of a mistake on a **land registry** form unless there is common intention between the parties when the contract was made. The Court of Appeal so ruled on 22 July 2021.

A father and son purchased a property with no discussion as to beneficial ownership. The Land Registry form TR1 declared that the property was held in trust for the equal benefit of the parties. The application was to amend the form by removing a cross in box 11 which declared that the property was to be held on trust for them as equal tenants in common.

The father wished to buy the property but could not afford the property on his own. His oldest son agreed to become a joint owner to assist the purchase. The son made no payment towards the property.

The son argued that there had been no positive agreement. Being a mortgagor on this property had stopped him acquiring a mortgage for his own home. The father said that this was implied. This was acceptable in a contract, particularly in a family context.

The Court observed that neither the father nor the son got what they wanted. This was a case that cried out for mediation rather than litigation.

Ralph v Ralph [2021]. CA. The Times 24 August 2021

On 9 August 2021, the UK government imposed further sanctions on **Belarus**. This is the first anniversary of the election which saw Lukashenko re-elected. The sanctions are imposed on seven individuals and one organisation, as a consequence of continued undermining of democracy and human rights. Similar action has been taken by USA and Canada.

A **judge's disclosure** of alleged failings by a social worker was unfair. The European Court of Human Rights so decided on 22 June 2021. Neither the judge nor the social worker were named.

The judge directed that his comments be sent to local authorities and relevant professional bodies. She was given no chance to make representations. In 2012, the social worker was involved in care proceedings and called as a professional witness in childcare proceedings where sexual abuse was alleged of siblings. Before the proceedings ended, her personnel agency assigned her to another local authority.

In 2014, a judge rejected the allegations of sexual abuse. He found that the social worker was the principal instigator to obtain evidence of abuse, irrespective of the truth, and that she had lied to the court. The judge later said that all cases involving this social worker should be examined. On the same day, her personnel agency ended her assignment with the authority where she was then working.

The Court of Appeal held that she was a "party" to the proceedings. It found that the judge had failed to comply with European Convention on Human Rights Article 8 on the right to

private life. She was therefore entitled to a remedy under Article 7.

Accordingly she was entitled to compensation for the judge's conduct.

SW v United Kingdom. [2021] ECHR. Application 87/18. The Times 10 August 2021

In an application for judicial review, the lawfulness of a public authority's **policy document** need consider only whether it authorised or approved of unlawful conduct, the Supreme Court decided. The case was brought by a convicted sex offender. He said that he had suffered violence and harassment when his offence was disclosed under the policy provisions.

The court may depart from the normal rule about **costs in planning appeals** in a statutory review case. The normal rule is that the losing party is only liable for one set of costs. The Supreme Court so ruled on 30 July 2021.

CPRE Kent v Secretary of State for Communities and Local Government [2021] SC. The Times 17 August 2021

In 2020, 61 offenders had their **sentences** increased after law officers considered their original sentences were too lenient, the Attorney-General said on 26 August 2021. The challenges were made under the Unduly Lenient Sentence (ULS) scheme.

Law officers received 552 applications for sentence review. Of these 97 were referred to the Court of Appeal and 61 upheld. None of the sentences related to tax.

Twelve sections of **Coronavirus Act 2020** expire on 16 July 2021.

These are sections 8 and Sch 7, 9, 24, 25 to 27, 28 and Sch 15, 29, and 71.

These include the unused provisions for emergency volunteers.

The Coronavirus Act 2020 (Early Expiry) Regulations SI 2021 No 856

The import and export of detached **shark fins** is to be banned, as are products containing them, the government announced on 15 August 2021. The ban includes tinned shark fin soup.

Many species of shark have become endangered, particularly shortfin mako and blue shark. Out of more than 500 species of shark, 143 are listed as under threat.

Shark finning is already banned in UK waters. The ban now applies to shark finning anywhere in the world.

Two companies have been wound up by the courts for using **false documents** to secure £230,000 in loans from the bounceback loan scheme and local authority support.

IV Distributions Ltd and SIO Trader Ltd were wound up on 27 July 2021.

A human rights organisation and two MPs did not have the legal standing to seek judicial review for the government's lack of a public inquiry into **unlawful detention** and treatment of detainees in the aftermath of the terrorist attack on the World Trade Center in 2001. The Court of Appeal so decided on 30 June 2021.

The MPs were David Davis and Dan Jarvis.

R (Reprieve and others) v Prime Minister. [2021] CA. The Times 13 August 2021

On 19 August 2021, former Labour MP **Jared O'Mara** was arrested for seven charges of fraud in submitting false claims for expenses.

O'Mara unexpectedly won the Sheffield seat in 2017 from Liberal Democrat leader Nick Clegg. He was suspended by the Labour party and stood down at the 2019 election.

Other news

The **UK economy** grew by 4.8% in the second quarter of 2021 and by 1% just in June 2021. That was the fifth consecutive month of economic growth, according to the Office for National Statistics.

Drivers face delays of between 16 and 20 weeks in getting **driving licences** because of a backlog of work at DVLA, it was disclosed in August 2021. The DVLA said this was due to problems arising from social distancing. There have also been strikes there.

The DVLA said a quicker response can be achieved by going online.

From September 2021, **E10 petrol** replaces E5 petrol as the standard. E10 petrol has about 10% ethanol as against 5% for E5 petrol.

Ethanol, made from biomass, produces less carbon dioxide. It is generally safe to use in petrol engine cars made from 2011. For older cars, the extra ethanol could damage seals, and other metal and plastic components. About 700,000 cars are affected. This is disputed by Ethanol Europe which says that E10 is safe in older cars. It is the only petrol sold in the USA and most of Europe.

The government requires E5 petrol still to be available but only for premium grade petrol, and not standard grade. Premium petrol can cost 10p a litre more than standard grade. For average consumption and mileage, this could £100 a year to the cost of motoring. About one in five petrol stations do not sell premium grade petrol, so they will not be selling E5.

Petrol stations no longer need to advertise the price of E5 petrol. Displays only need show the price of E10 petrol and diesel.

Amendments are made to the rules for labelling **road fuel**. This ensures that E5 petrol has a minimum of 5.5% ethanol.

The Motor Fuel (Composition and Content) and the Biofuel (Labelling) (Amendment) (No 2) Regulations SI 2021 No 894

Nasdaq rose above 15,000 for the first time on 24 August 2021. The index measures the value of tech companies listed in USA.

The trade union **Unite** elected Sharon Graham as its new general secretary on 25 August 2021. She is the union's first female leader. She was not expected to win. The turnout was just 12%. Unite is the largest donor to the Labour party. Graham is seen as on the left of the party. She has said that she is primarily concerned with the interests of union members and not playing party politics.

The UK has become an **ASEAN dialogue partner**, it was announced on 6 August 2021. ASEAN is the Association of Southeast Asian Nations.

The partnership leads to closer cooperation with other ASEAN nations on trade, investment, environment and other matters. ASEAN comprises ten countries in the Indo-Pacific region. It accounts for 13% of global GDP.

The government announced on 24 August 2021 that it is trialling **longer and heavier lorries** from 2022. The decision follows a limited nine-year trial.

The new vehicles can be up to 15.65 metres (51.3 feet) long and weigh up to 48 tonnes. The current limit is 44 tonnes.

Such vehicles could remove one in eight lorries from the roads and reduce their overall pollution by 6.2%.

The government plans a further trial to see if lorries of more than 48 tonnes may be used to carry freight to rail depots. Such lorries would be restricted to defined routes.

Businesses have been given an extra year before being required to use the new UKCA **safety marking**, the government announced on 24 August 2021.

The deadline for compliance has been postponed from 1 January 2022 to 1 January 2023. The mark indicates compliance with product safety regulations. Medical devices must comply by 1 July 2023. Businesses have been able to use the UKCA mark from 1 January 2021 on a voluntary basis. Northern Ireland continues to use the CE mark.

The UKCA mark replaces the EU's marks, particularly the CE mark. UKCA replaces almost all products that were required to have a CE mark.

A competition for an iconic design for electric vehicle **chargepoints** was launched by the government on 9 August 2021. The design is entrusted to the Royal College of Art and PA Consulting. The icon should be seen on British streets from 2022.

The waiting list for **National Health Service** treatments grew to 5.45 million, it was announced on 12 August 2021. Of these, 304,803 people have been waiting for more than one year and 5,727 people have been waiting for more than two years. The figures are as at the end of June 2021.

From 23 August 2021, payments to the **Intellectual Property Office** will use GOV.UK Pay. This is already used by more than 200 government organisations.

This includes fees for such things as patents when made by debit or credit card.

If making payment on paper forms, the 16-character reference is replaced by a 10-character reference. This makes completing forms easier and removes confusion between the reference number and the 16 digits of the card.

The government has added provisions to the Environment Bill currently before parliament. The changes are intended to maintain **biodiversity**. This requires provisions to stop and reverse loss of biodiversity by 2030. It also means that the UK agrees with other countries to protect 30% of land and 30% of oceans for wild life.

Specific measures will impose new conditions on water companies to deal with storm overflows and measure water quality in relation to sewage discharges. There will be changes to the specification for drains. A new Office for Environmental Protection (OEP) is to be created.

Shotgun licence applicants will have their social media record checked first, it was announced on 15 August 2021.

This follows the shooting in Portsmouth by Jake Davison on 13 August 2021. Davison shot five people starting with his mother. He then shot four passers-by, including a three-year old girl and her father, before shooting himself.

Davison described himself as an “incel”, which means an involuntary celibate. The term is used for men who cannot get girlfriends and who blame women for this.

Davison used a legally owned shotgun. There are more than 500,000 shotgun licences in the UK.

The Taliban took control of **Afghanistan** on 15 August 2021 when they seized the capital Kabul. The takeover was much quicker than had been expected by the USA, Britain and even the Taliban itself. President Ghani fled the country with large amounts of cash.

The Afghan army largely surrendered without a fight. The Taliban negotiated the takeover rather than fought for it.

This was triggered by US President Biden’s decision to withdraw US troops by 31 August 2021. Biden made a televised address. He said that the USA could not continue with “forever wars”. In the 20 years, they had armed and trained an Afghanistan army of 300,000 troops — about four times the size of the Taliban force. He said that if Afghan troops will not defend their country, why should American troops do so? In the 20 years 2,448 US troops and 457 British troops have died. More than 160,000 Afghans had died. The last US soldier to leave was Major General Chris Donahue who left one minute before the deadline of 31 August 2021.

The UK, USA and many other Western countries have frozen Afghan assets, withheld aid, and imposed sanctions. The governments will talk to the Taliban but do not recognise the government. The sanctions could be lifted if the Taliban shows that it has reformed. The Taliban co-operated with Western forces in ensuring safe passage of US and UK citizens, and of Afghan citizens who helped Western forces. The Taliban has said it will not take action against those who have opposed it, and that it will respect women’s rights. There are mixed reports on how far the Taliban have reformed in the last 20 years.

The British ambassador and his staff have left the country. He now operates from Qatar. Most other Western nations have taken similar steps.

The government has largely collapsed as existing government officers are reluctant to resume work for fear of reprisals.

The Afghan government has almost \$10 billion dollars now frozen in US banks. The International Monetary Fund stopped almost £500 million due to be paid. The EU and other western countries have also stopped aid to the country. Afghanistan has relied on foreign aid for half of its \$5 billion annual income.

United Nations estimate that the Taliban had revenue of up to \$1.6 billion in 2020 from heroin trade. Of this \$460 million was in the form of tax it levied in areas it controlled.

In the same year, the Taliban received \$464 million from the sale of minerals from mines it operated illegally. Afghanistan is believed to hold mineral wealth of \$3 trillion, including what are believed to be the world's largest deposits of cobalt, lithium and many rare earth metals. Many of these are needed for electric cars and other green projects.

The trade in heroin and minerals makes it harder for other countries to apply financial pressure.

The population remains poor. Half the population have an income below \$2 a day.

Banks closed their doors, and cash dispenses ran out in hours. Banks were ordered to reopen on 25 August 2021. The maximum withdrawal is equivalent to \$200 a week. Getting the bank system working is seen as a priority.

The currency is trading at 12% below the pre-Taliban rate. On 24 August 2021, the rate was 86 Afghanis to the US dollar.

The Taliban passed its first test in allowing out evacuees. The West evacuated 105,000 people in the world's biggest airlift in 70 years. This includes 14,543 evacuated by the UK. Those who were not able to leave are encouraged to go to other countries by land. The UK has provided £30 million in additional aid for such refugees. They are expected to go to Pakistan, Tajikistan, Iran, Uzbekistan and Turkmenistan.

Many shops, particularly for clothing, report they have made no sales since the takeover.

For international banking, Afghanistan widely uses hawala outside the banking system. Under hawala, someone wanting Afghan currency pays English currency to someone in the UK. They instruct someone, such as a brother, to provide the equivalent of foreign currency in the foreign country. This makes it difficult to disrupt international transactions.

On 26 August 2021, more than 70 people were killed by a bomb at Kabul Airport. The dead include 12 US soldiers. The bomb was planted by ISIS whom the Taliban regard as an enemy.

In August 2021, there were reports that the government is considering not proceeding with the Eastern leg of the **HS2 rail link**. This is planned to run between Birmingham and Leeds. The government is said to be considering upgrades to existing rail lines in northern cities.

This leg, known as Phase 2b, is estimated to cost £40 billion which the Treasury is believed to want not to spend. The whole HS2 programme's cost has spiralled to almost £100 billion.

Officially, the government says it has not decided whether to proceed with this leg. Politicians and business leaders in north-east England want the line to proceed.

Possible bans on **single use plates**, cups and cutlery are to be considered in a consultation the government announced on 28 August 2021. It is estimated that each person in England uses 18 single-use plastic plates and 37 items of single-use plastic cutlery each year. Much of this ends up as plastic waste. It is believed that, worldwide, one million birds and 100,000 sea creatures die each year from ingesting or getting tangled in plastic waste.

The government has already banned plastic straws, stirrers and cotton buds. It has imposed a charge for plastic bags, and plastic microbeads in cosmetics. In 2022 it introduces the plastic packaging tax. The government aims to end all avoidable plastic waste by 2042.

Further planned measures include introducing a deposit return scheme for drink containers, extending producer responsibility for recycling plastic waste, and ensuring consistency in local authority waste collections.

Farmers have 70,000 **pigs** that they cannot get slaughtered because of a shortage of staff at abattoirs, it was reported by the National Pig Association. The main factor is said to be that workers from Eastern Europe have left the country.

Forty-five per cent of **A-level results** announced on 10 August 2021 were at A grade, leading to concerns about “grade inflation”. 20% were graded A*, and a further 25% graded A.

In 2020, when grades were also largely determined by teachers rather than external examination, 38.6% of A-levels were graded A or A*.

In 2019, the last year of external examinations, only 25.5% achieved A or A*.

More than a third of students were given three As. For private schools. 70% achieved A or A* grades.

As students have had less education in 2020 and 2021 because of coronavirus, it means that 2020 and 2021 grades have less value than previous years.

The grade inflation also caused problems for university admissions in 2020 as universities found courses oversubscribed. In 2021, 313 tertiary education providers were offering 26,500 courses. There was a 10% increase in applications from 2020 to 2021, of whom 80% are expected to get their first choice.

Students will be able to learn or retrain through **short courses** at university or college, and be supported by bespoke loans, the government announced on 25 August 2021.

These courses will be available in STEM subjects (science, technology, engineering and mathematics), healthcare, digital innovation, education and Net Zero. Courses will last for between six weeks and one year. Students can gain a certificate which can be used to gain employment or further training. Courses will be available from September 2022.

The Scottish Nationalist Party (SNP) reached a power-sharing agreement with the Scottish Greens on 20 August 2021. Together they have an overall majority in the **Scottish Parliament**. It is the first time that the Green party has been in government anywhere in the UK. Both parties are committed to another independence referendum.

Diageo and other whisky producers are looking at alternatives to **peat** in producing various distinctive flavours, it was reported in August 2021.

Peat absorbs carbon which is released when burned. Whisky production accounts for less than 1% of peat extraction. Most is extracted for horticultural use.

Stanley Gibbons is offering stamp collectors a chance to own a share in the world’s most valuable **stamp**. The company paid £6.1 million for an octagonal magenta one cent stamp from Guiana (now Guinea).

Deeper Scan technology developed by NWPRO Ltd is to be employed at airports to provide quicker and more thorough **security checks**, the government announced on 26 August 2021. The system uses x-rays and artificial intelligence to scan airline baggage for electronic components within 15 seconds. The system is particularly aimed at identifying explosive devices. At present, the company is working with major airports to integrate the system into existing scanners.

Protests by **Extinction Rebellion** have cost £50 billion by the middle of August 2021 according to the Metropolitan Police. The police had made 3,972 arrests and 1,938 prosecutions of which 73% ended in convictions.

American researchers claim that they have demonstrated **nuclear fusion** for the first time. Nuclear fusion has long been known about as a clean and, in effect, limitless source of cheap energy. Unlike atomic energy of nuclear fission, which splits atoms, nuclear fusion forces them together. It is how the sun produces energy. Fission has the benefit of not producing nuclear waste.

The experiment required temperatures of 100 million degrees Centigrade. The experiment involved shining a laser on to target capsule of fuel 5 centimetres wide. This produced a “hot spot” the diameter of a human hair. It produced ten quadrillion watts of power for 100 trillionths of a second. In financial terms, it cost \$10 billion to produce enough energy to boil a kettle.

If further work can make this financially viable, it holds out the hope for almost unlimited, free, clean energy.

One quarter of all British pregnancies now end in **abortion**, the Office for National Statistics said in August 2021. There were 210,860 abortions in England and Wales in 2020.

Common reasons cited by the British Pregnancy Advisory Association, the country’s leading abortion provider, include financial instability, interruption to career, and the cost of bringing up a child.

From 23 August 2021, the **Pubs Code Adjudicator** has a new address and a single email address. The address is Office of the Pubs Code Adjudicator, 4th Floor, 23 Stephenson Street, Birmingham B2 4BJ.

The email address is office@pubscodeadjudicator.gov.uk .

The Pubs Code Adjudicator is responsible for enforcing the statutory Pubs Code. This regulates the relationship between pub companies that own 500 or more tied pubs in England and Wales and their tied tenants.

b is to be expanded to a further 25 prisons, it was announced on 20 August 2021.

The scheme aims to teach prisoners how to cook, so they can find work on release. The scheme reduces reoffending rates by one third. More than 2,500 prisoners have taken part.

Prisoners work in kitchens for up to 35 hours a week. More than 280 employers have taken on trained prisoners.

Abba reformed after 39 years. They have issued a new album and single, and plan concerts where they will be represented by avatars showing them as they were in their 30s.

“Abba” is mentioned in tax legislation. Changes in tax law are often made by inserting new sections in old tax law. These sections are denoted by one or more letters. Income and Corporation Taxes Act had a section 444ABBA. It allowed the transferee to pay the transferor’s tax on a transfer of the business. It was repealed in 2013.

From 2021, women may wear trouser in the Stewards Enclosure at the **Henley Regatta** sailing event for the first time since its establishment in 1839. The previous dress code stipulated that women must wear a dress or skirt with a hemline below the knee. Trousers must be worn with a jacket. All attendees are required to dress smartly.

Ron Popeil, the American inventor and owner of the business Ronco, died on 28 July 2021, aged 86. He was described as the man who sold goods that households did not know they needed. These include automatic slicing and mincing machines, record cleaning machines, smoke-less ashtrays, and an early karaoke machine. He filmed his own entertaining commercials.

Austin Mitchell, the Labour MP for Grimsby, died on 18 August 2021, aged 86. He succeeded in introducing legislation that opened up competition for conveyancing, thus bringing down the cost of moving home. He also campaigned for independent regulation of the accountancy and legal professions in the wake of scandals such as Polly Peck and the Maxwell pensions.

Peter Corby, inventor of the trouser press, died on 5 August 2021, aged 97. His invention was designed to ensure that hotel guests looked smart.

Charlie Watts, the Rolling Stones’ drummer, died on 24 August 2021, aged 80. In 1971, the band went into tax exile. He lived in Vancluse in France until able to return to the UK.