

# Crisis or Celebration? by Michael Basman

The UK Chess Challenge (UKCC) has run for over 20 years and has introduced over half a million children to chess. Currently, 45,000 children enter every year from 1,300 schools in the UK, and as such it is the largest chess event in the world.

The future of the tournament is now in doubt as HMRC (Her Majesty's Revenue and Customs, i.e. the tax office), has bankrupted me and sent me a bill for £300,000.

The reason is a dispute over VAT (Value Added Tax).

I am in favour of taxation, for otherwise it is difficult to see how a government could finance itself. Every year, the UKCC pays VAT of about £12,000 on items purchased – badges, mascots, trophies etc. I am happy with this as the only extra work involved is the writing of a cheque. Nor do I claim the VAT back.

However, HMRC wishes me also to charge 20% on the entry fee to the schools and to the children in the later stages of the event, as well as requiring me to register for VAT which means keeping extensive records, hiring accountants and book-keepers. On top of this additional work, there is the problem that most of the VAT collected could be claimed back through the schools, so the government might make no additional money but would waste my valuable time – time that could be spent running the UK Chess Challenge.

One way out of the dilemma is to have chess de-registered for VAT. Currently about 100 sports and activities are exempt from VAT (see enclosed list) but chess is not on this list. I do not see that it is necessary that chess should be treated as a sport, but it should be regarded as a valuable mental activity in its own right. In fact, the omission of chess from the list could be seen as an example of discrimination, reminiscent of the amounts of money the NHS (National Health Service) spends on physical health compared to mental health; or how at school, pupils who do well at physical activities are given more status than those who excel in the mental sphere. To me success in anything comes from a balance of mental, emotional and physical factors and this should be recognised.

We are lobbying MPs (Members of Parliament) to try and get a rule change regarding chess, and will be putting a petition up on the UK Chess Challenge website. If we can get 100,000 signatures, then we can have a debate in Parliament! We hope you will sign in and persuade your friends to do so as well.

Meanwhile, if you would like to help to save the UK Chess Challenge, you could -

\* lobby your own MPs (this would be brill, as I can only lobby the one in my constituency)

\* contact local and national radio and TV stations and newspapers to complain about the situation and the closing down of your favourite chess tournament.

IF WE ALL WORK TOGETHER, HOPEFULLY WE CAN GET A RESULT!

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## THE BIGGER PICTURE

As you often heard me say, we are not just producing chess champions but super-kids who can run the world! So this crisis is a good opportunity to find out how the world works, and possibly to improve it. Hopefully children (and their parents!) will read my analysis and see if they agree.

I have pointed out earlier that I am in favour of taxation, but not if it involves excessive extra work (known as “compliance”). This might be because of the tax code book, an enormous tome, ten times longer than the Bible; or the detailed accounts that need to be kept, perhaps going back 10 or 20 years; the crazy VAT system where VAT is paid only to be claimed back; and don’t forget the hordes of accountants, book-keepers, lawyers and tax officers. All the work of keeping records and complying with the rules is completely unpaid but, all the salaries of tax officers and tax associated personnel must be paid for by the people, or through the higher prices of goods.

I raised the point with HMRC that this burden of extra unpaid work contravened Article 4 of the Human Rights Act (enclosed), the prohibition on slavery and forced labour. HMRC replied that their demands fell under Clause 4 (d) which excluded work done which formed part of “normal civic obligations”.

Now this phrase is extremely problematic. In the first place, tax and taxation costs are not specifically mentioned in clause 4 (d); in the second place, what is “normal”? Five hundred years ago, slavery was normal and so were many other things, like burning witches; “normal” does not mean right.

In the third place, is paying tax an obligation or a straight transaction? (i.e. “you run the country, I pay the tax”.)

Finally, and most importantly, no quantitative limits are placed on these obligations. How much forced, unpaid work is one expected to do? One day a week? A full week? Twenty four hours a day?

Consider the example of jury service, which may be regarded as a civic duty. The demands made on jurors are rigidly circumscribed; possibly you serve only once in a lifetime, and if the trial lasts a long time you are compensated. Compare this with tax compliance, and we find no legal limits whatsoever are placed on the amounts of work that can be demanded of us. And this work is never recognised, nor costed, by HMRC.

In the discussion at an Oral Tribunal in 2014, Judge Greg Sinfield wrote, “HMRC have not demanded that Mr Basman undertake unlimited amounts of work but that he comply with the VAT legislation. That legislation is part of the tax system of the United Kingdom to which every person residing or carrying on business in the country is subject.”

However, I did not say that HMRC was demanding that I work 24 hours a day; I said that, as no limits were set on the amount of work that HMRC could demand, in theory those demands could be limitless – a very dangerous situation.

Finally, let me end with a joke.

A man sold his house for a knock down price of £10,000 with one stipulation; that he should be allowed to keep possession of one single nail in the house. The purchaser thought that this was a fantastic deal and bought the house immediately. As the weeks went by, the first man kept coming into the house at all hours of the day or night, hanging things on the nail, his coat, his shoes, his bags, etc. Finally, the seller hung a huge piece of meat on the nail which gradually rotted and stunk the house out, thus driving the purchaser crazy, who then gave back the house for nothing.

This nail is HMRC’s stake in all our houses, and as a result I can only conclude that they are trying to re-legalise slavery.

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Sports and physical education activities which qualify for VAT exemption

Activities

Aikido	Gymnastics Roller	Hockey
American Football	Handball	Roller Skating
Angling	Hang/Para Gliding	Rounders
Archery	Highland Games	Rowing
Arm Wrestling	Hockey	Rugby League
Association Football	Horse Racing	Rugby Union
Athletics	Hovering	Sailing/yachting
		(includes canal cruising)
Badminton	Hurling	Sand & Land Yachting
Ballooning	Ice Hockey	Shinty
Baseball	Ice Skating	Shooting
Basketball	Jet Skiing	Skateboarding
Baton Twirling	Jiu Jitsu	Skiing
Biathlon	Judo	Skipping
Bicycle	Polo Kabaddi	Snooker
Billiards	Karate	Snowboarding
Bobsleigh	Kendo	Softball
Boccia	Korfball	Sombo Wrestling
Bowls	Lacrosse	Squash
Boxing	Lawn Tennis	Stoolball
Camogie	Life Saving	Street Hockey
Canoeing	Luge	Sub-Aqua
Caving	Modern Pentathlon	Surf Life Saving
Chinese Martial Arts	Motor Cycling	Surfing
Cricket	Motor Sports	Swimming
Croquet	Mountaineering	Table Tennis
Crossbow	Movement & Dance	Taekwondo
Curling	Netball	Tang Soo Do
Cycling	Octopush	Tchoukball
Dragon Boat Racing	Orienteering	Tenpin Bowling
		(includes skittles)
Dance	Parachuting	Trampolineing
Darts	Petanque	Triathlon
Equestrian	Polo	Tug of War
Exercise & Fitness	Pony Trekking	Unihoc
Fencing	Pool	Volleyball
Field Sports	Quoits	Water Skiing
Fives	Racketball	Weightlifting
Flying (includes those model flying activities in which competence is dependent on <b>physical skill or fitness</b> )		
	Rackets	Wrestling
Gaelic Football	Racquetball	Yoga
Gliding	Rambling	
Golf	Real Tennis	

<https://www.gov.uk/government/publications/vat-notice-70145-sport/vat-notice-70145-sport>

# Article 4 : Prohibition on Slavery and Forced Labour

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## Article 4 – Prohibition of slavery and forced labour

1. No one shall be held in slavery or servitude.
2. No one shall be required to perform forced or compulsory labour.
3. For the purpose of this article the term "forced or compulsory labour" shall not include:
  - a. any work required to be done in the ordinary course of detention imposed according to the provisions of Article 5 of this Convention or during conditional release from such detention;
  - b. any service of a military character or, in case of conscientious objectors in countries where they are recognised, service exacted instead of compulsory military service;
  - c. any service exacted in case of an emergency or calamity threatening the life or well-being of the community;
  - d. any work or service which forms part of normal civic obligations.

Article 4 imposes an absolute prohibition on slavery, servitude, forced or compulsory labour. This prohibition enshrines one of the fundamental values of a democratic society under the Convention, and no state can derogate from it.

Although the right is absolute, not all forced labour will be considered to fall within Article 4, and paragraph (3) of the Article sets out a number of matters which will NOT be considered "forced or compulsory labour". So military service, or community service as part of a sentence lawfully imposed by the Court will not be considered to fall with Article 4. Attempts have been made to argue that a requirement to do voluntary work as a part of your professional training, a requirement to do work based training as a condition of entitlement to unemployment benefits, or a requirement to do jury service breached Article 4. The European Court of Human Rights rejected all such arguments.

As well as prohibiting the state from subjecting individuals to slavery, servitude, forced or compulsory labour, Article 4 can also impose a positive obligation on states to take steps to protect individuals from being subjected to slavery, servitude, forced or compulsory labour by other private individuals. This includes a duty to investigate allegations of Article 4 breaches, and a requirement to take action to prosecute and punish individuals who subject others to slavery, servitude, forced or compulsory labour. Liberty brought a case against the Metropolitan Police where we argued that they had breached the Article 4 rights of a woman who had been subjected to forced labour by her purported "employer", when they failed to investigate her complaint. The Metropolitan police accepted that they had breached the woman's Article 4 rights.

In *Siliadin v France* the ECtHR found that France had breached Article 4 by not having laws that made it a criminal offence to keep individuals in slavery. The Court noted that only criminal law provisions provided an effective deterrent to protect individuals from being subjected to slavery, servitude, forced or compulsory labour. Until very recently there was no law in the UK which specifically outlawed slavery or servitude, but following a campaign by Liberty and Anti-Slavery International, the government conceded that such a law was necessary to comply with its obligations under Article 4. It therefore introduced section 71 of the Coroners and Justice Act 2009, which creates the offence of keeping someone in "slavery, servitude and forced or compulsory labour" and carries a maximum penalty of 14 years imprisonment.