

HMRC issues record £23.8m fine for money laundering breaches

Today (7 January 2021), HM Revenue and Customs (HMRC) published the latest [list of businesses](#) handed fines for breaching strict regulations aimed at preventing criminals from laundering illicit cash.

The list includes money transfer company MT Global Limited, which has been handed the largest ever fine issued by HMRC, for significant breaches of the regulations between July 2017 and December 2019 relating to:

- risk assessments and associated record-keeping
- policies, controls and procedures
- fundamental customer due diligence measures

Nick Sharp, Deputy Director of Economic Crime, Fraud Investigation Service, HMRC, said:

Businesses who fail to comply with the money laundering regulations leave themselves, and the UK economy, open to attacks by criminals.

Money laundering is not a victimless crime. Criminals use laundered cash to fund serious organised crime, from drug importation to child sexual exploitation, human trafficking and even terrorism.

We're here to help businesses protect themselves from those who would prey on their services. That includes taking action against the minority who fail to meet their legal obligations under the regulations as this record fine clearly shows.

HMRC supervises more than 30,000 businesses across the UK, including 1,500 principal money service businesses (MSBs), and helps these firms protect themselves from criminals who seek to launder cash or finance terrorism.

Webinars, guidance and e-learning is available here to help guide and educate businesses on their money laundering responsibilities.

HMRC works closely with partner law enforcement agencies and government departments to reduce the criminal abuse of the sector through tightened registration, greater understanding of the risks, and joint periods of concerted action focussing on those MSBs at greatest risk of being used by organised crime.

In 2019 to 2020 HMRC completed 2,000 interventions on supervised businesses, issued penalties totalling £9.1 million and stopped 89 non-compliant businesses and individuals from trading. It also recouped over £166 million from the proceeds of crime, of which more than £22 million was linked to money laundering offences – sending a very clear message that crime doesn't

pay.

Further information

In accordance with our responsibilities under the Money Laundering Regulations (MLRs) 2017, HMRC publishes details of businesses failing to comply with the MLRs who have received a penalty.

Money laundering is the process through which criminals disguise the criminal origin of money and assets they earned through criminal activity. [Anti-money laundering guidance for MSBs is available on GOV.UK](#)

Serious and organised crime costs the UK billions of pounds every year and HMRC's anti-money laundering supervision is a vital tool in combatting that. Money laundering regulations are in place to prevent criminals benefitting from the proceeds of crime and to help tackle money laundering/terrorist financing, human trafficking, drugs, prostitution and other organised crime.

Using a range of civil penalties and prosecutions, HMRC responds effectively to businesses who fail to comply with the money laundering regulations.

Last year, HMRC announced a £7.8 million fine against a London MSB that ignored anti-money laundering regulations. HMRC, Metropolitan Police (MPS) and Financial Conduct Authority (FCA) also carried out a [month-long crackdown in July 2019 on MSBs](#) at risk of being used for money laundering to fund organised crime.

HMRC has a range of enforcement powers that it can use for businesses who do not comply with the money laundering regulations, including civil penalties, criminal proceedings and removal from the register. Any of these sanctions can be used in combination. HMRC can:

- issue a financial penalty
- issue a censuring statement
- impose a suspension on management of a relevant business upon a person
- impose a prohibition on management of a relevant business upon a person
- suspend a registration
- cancel a registration
- decide a relevant person in a business is no longer fit and proper, which will lead to either suspension or prohibition on management, or suspension or cancellation of the business' registration
- obtain a court injunction
- refer a case for criminal investigation and potential prosecution

HMRC supervises around 1,500 principal MSBs, which together have 31,000 operating premises.

The number of operating MSBs supervised by HMRC has fallen by 19 per cent since August 2017, mostly due to continuing action to tackle the use of MSBs for the laundering of dirty money. However, the government recognises the majority of MSBs are compliant with money laundering regulations.

Information about [money service business guidance for money laundering](#)

[supervision](#) is available on GOV.UK.

HMRC promotes help and education for those businesses that need it, including webinars, e-learning and guidance. These activities enable us to educate a larger audience than could be covered by traditional visits or events.

[Recordings of these webinars](#) can be found on GOV.UK.

The UK was rated as having the most robust processes in the world for tackling money laundering by the Financial Action Task Force in its last UK report and HMRC has played a key part in that.

Ban for takeaway boss who hid sales to avoid tax

Yue Chang Dai (56), from Dartford, Kent, was the sole director of Good View Da Ltd. The company was incorporated in April 2016 and traded as the Good View takeaway on Watling Street in Dartford.

Good View Da, however, was unable to pay its debts and the company was placed into creditors voluntary liquidation in October 2019 before Yue Chang Dai's conduct was referred to the Insolvency Service for further enquiries.

Investigators found that Yue Chang Dai had deliberately concealed the true amount of take away orders to avoid paying tax worth just under £265,000.

In total at liquidation, Yue Chang Dai owed the tax authorities almost £364,000, including penalties and interest.

On 21 December, the Secretary of State accepted a disqualification undertaking from Yue Chang Dai after he did not dispute that he failed to ensure that Good View Da Ltd submitted accurate tax returns by suppressing the business's turnover.

Effective from 11 January 2021, Yue Chang Dai's is banned for 7 years from directly or indirectly becoming involved, without the permission of the court, in the promotion, formation or management of a company.

Lawrence Zussman, Deputy Director of Insolvent Investigations for the Insolvency Service, said:

From the very start of trading, Yue Chang Dai deliberately suppressed takings with the sole intention of avoiding paying the correct amount of taxes.

He thought he could walk away from his responsibilities without repercussions but instead Yue Chang Dai's actions means he has been

disqualified from the catering industry and the wider business environment for a significant period.

Yue Chang Dai's date of birth is December 1964.

Good View Da Ltd (Company Reg no. 10119008).

Disqualification undertakings are the administrative equivalent of a disqualification order but do not involve court proceedings. Persons subject to a disqualification order are bound by a [range of other restrictions](#).

Further information about the work of the Insolvency Service, and how to complain about financial misconduct, is [available](#).

You can also follow the Insolvency Service on:

Letter to Commissioners for Domestic Abuse and Victims about coronavirus (COVID-19)

[unable to retrieve full-text content]The Home Secretary, Priti Patel, writes to the Domestic Abuse Commissioner and the Victims Commissioner about the government response to COVID-19.

Gene editing creates potential to protect the nation's environment, pollinators and wildlife

Plans to consult on gene editing – which could unlock substantial benefits to nature, the environment and help farmers with crops resistant to pests, disease or extreme weather and to produce healthier, more nutritious food – will be set out today (7 January) by Environment Secretary George Eustice in his speech at the Oxford Farming Conference.

The way that plants and animals grow is controlled by the information in their genes. For centuries, farmers and growers have carefully chosen to breed stronger, healthier individual animals or plants so that the next

generation has these beneficial traits – but this is a slow process.

Technologies developed in the last decade enable genes to be edited much more quickly and precisely to mimic the natural breeding process, helping to target plant and animal breeding to help the UK reach its vital climate and biodiversity goals in a safe and sustainable way.

Gene editing is different to genetic modification where DNA from one species is introduced to a different one. Gene edited organisms do not contain DNA from different species, and instead only produce changes that could be made slowly using traditional breeding methods. But at the moment, due to a legal ruling from the European Court of Justice in 2018 gene editing is regulated in the same way as genetic modification.

The [consultation](#) announced today will focus on stopping certain gene editing organisms from being regulated in the same way as genetic modification, as long as they could have been produced naturally or through traditional breeding. This approach has already been adopted by a wide range of countries across the world, including Japan, Australia and Argentina.

Government will continue to work with farming and environmental groups to develop the right rules and ensure robust controls are in place to maintain the highest food safety standards while supporting the production of healthier food.

Speaking at the Oxford Farming Conference, Environment Secretary George Eustice will say:

Gene editing has the ability to harness the genetic resources that mother nature has provided, in order to tackle the challenges of our age. This includes breeding crops that perform better, reducing costs to farmers and impacts on the environment, and helping us all adapt to the challenges of climate change.

Its potential was blocked by a European Court of Justice ruling in 2018, which is flawed and stifling to scientific progress. Now that we have left the EU, we are free to make coherent policy decisions based on science and evidence. That begins with this consultation.

Consulting with academia, environmental groups, the food and farming sectors and the public is the beginning of this process which, depending on the outcome, will require primary legislation scrutinized and approved by Parliament.

Professor Robin May, the Food Standards Agency's Chief Scientific Advisor, welcomed the consultation and said:

The UK prides itself in having the very highest standards of food

safety, and there are strict controls on GM crops, seeds and food which the FSA will continue to apply moving forward.

As with all novel foods, GE foods will only be permitted to be marketed if they are judged to not present a risk to health, not to mislead consumers, and not have lower nutritional value than existing equivalent foods. We will continue to put the consumer first and be transparent and open in our decision-making. Any possible change would be based on an appropriate risk assessment that looks at the best available science.

Sir David Baulcombe, Regius Professor of Botany in the Department of Plant Sciences at the University of Cambridge, said:

The overwhelming view in public sector scientists is that the Nobel Prize winning methods for gene editing can accelerate the availability of crops and livestock for sustainable, productive and profitable agriculture. I welcome the DEFRA consultation that will help with a broader assessment of gene editing as an appropriate technology in agriculture.

Aside from gene editing, the consultation will also begin a longer-term project to gather evidence on updating our approach to genetic modification by gathering information on what controls are needed and how best to deliver them. We want our regulations to be in step with the current science and the knowledge we have learned from 30 years of existing regulation.

The consultation will run for ten weeks from Thurs 7th January to Weds 17 March at 23:59. The full consultation document will shortly be [available here](#) on Citizen Space when published at 00:15 and applies to England only.

During his speech at the Oxford Farming Conference, the Environment Secretary is also expected to pay tribute to the farming industry after a challenging year and note the beginning of the [Agricultural Transition Period](#) announced in November.

GOVERNMENT REFORMS MAKE IT EASIER AND CHEAPER FOR LEASEHOLDERS TO BUY THEIR HOMES

- Millions of leaseholders will be given a new right to extend their lease by 990 years
- Changes could save households from thousands to tens of thousands of pounds
- Elderly also protected by reducing ground rents to zero for all new retirement properties.

Millions of leaseholders will be given the right to extend their lease by a maximum term of 990 years at zero ground rent, the Housing Secretary Robert Jenrick has announced today (7 January 2021).

Today's measures come as part of the biggest reforms to English property law for forty years, fundamentally making home ownership fairer and more secure.

Under the current law many people face high ground rents, which combined with a mortgage, can make it feel like they are paying rent on a property they own. Freeholders can increase the amount of ground rent with little or no benefit seen to those faced with extra charges. It can also lengthen and lead to increased costs when buying or selling the property. Today's changes will mean that any leaseholder who chooses to extend their lease on their home will no longer pay any ground rent to the freeholder, enabling those who dream of fully owning their home to do so without cumbersome bureaucracy and additional, unnecessary and unfair expenses

For some leaseholders, these changes could save them thousands, to tens of thousands of pounds.

Housing Secretary Rt Hon Robert Jenrick MP said:

Across the country people are struggling to realise the dream of owning their own home but find the reality of being a leaseholder far too bureaucratic, burdensome and expensive.

We want to reinforce the security that home ownership brings by changing forever the way we own homes and end some of the worst practices faced by homeowners.

These reforms provide fairness for 4.5 million leaseholders and chart a course to a new system altogether.

The government is also now establishing a Commonhold Council – a partnership of leasehold groups, industry and government – that will prepare homeowners

and the market for the widespread take-up of commonhold.

The commonhold model is widely used around the world and allows homeowners to own their property on a freehold basis, giving them greater control over the costs of home ownership. Blocks are jointly owned and managed, meaning when someone buys a flat or a house, it is truly theirs and any decisions about its future are theirs too

Professor Nick Hopkins, Commissioner for Property Law at the Law Commission said:

We are pleased to see Government taking its first decisive step towards the implementation of the Law Commission's recommendations to make enfranchisement cheaper and simpler. The creation of the Commonhold Council should help to reinvigorate commonhold, ensuring homeowners will be able to call their homes their own.

Under current rules, leaseholders of houses can only extend their lease once for 50 years with a ground rent. This compares to leaseholders of flats who can extend as often as they wish at a zero 'peppercorn' ground rent for 90 years. Today's changes mean both house and flat leaseholders will now be able to extend their lease to a new standard 990 years with a ground rent at zero.

A cap will also be introduced on ground rent payable when a leaseholder chooses to either extend their lease or become the freeholder. An online calculator will be introduced to make it simpler for leaseholders to find out how much it will cost them to buy their freehold or extend their lease.

The Government is abolishing prohibitive costs like 'marriage value' and set the calculation rates to ensure this is fairer, cheaper and more transparent. An online calculator will be introduced to make it simpler for leaseholders to find out how much it will cost them to buy their freehold or extend their lease.

Further measures will be introduced to protect the elderly. The Government has previously committed to restricting ground rents to zero for new leases to make the process fairer for leaseholders. This will also now apply to retirement leasehold properties (homes built specifically for older people), so purchasers of these homes have the same rights as other homeowners and are protected from uncertain and rip-off practices.

Leaseholders will also be able to voluntarily agree to a restriction on future development of their property to avoid paying 'development value'.

Legislation will be brought forward in the upcoming session of Parliament, to set future ground rents to zero. This is the first part of seminal two-part reforming legislation in this Parliament. We will bring forward a response to the remaining Law Commission recommendations, including commonhold, in due course.

- The Law Commission published their report on enfranchisement valuation 'Leasehold home ownership: buying your freehold or extending your lease Report on options to reduce the price payable' in January 2020 and their reports on enfranchisement, commonhold and right to manage in July 2020. These reports are available here: <https://www.lawcom.gov.uk/project/leasehold-enfranchisement/>
- A freeholder owns both the property and the land it stands on while leaseholders only own the property.
- Marriage value assumes that the value of one party holding both the leasehold and freehold interest is greater than when those interests are held by separate parties. Today's announcement will remove marriage value from the premium calculation.
- 'Modern ground rent' is the rent (determined under section 15 of the 1967 Act) payable during the additional term of a lease extension of a house (under the current law). It is calculated by valuing the "site", and then decapitalising that value.
- Many long leases specify an annual ground rent of a 'peppercorn.' A peppercorn rent is used in circumstances where it is deemed appropriate for there to be no substantive rent payable. Under the current law, any lease extension of a lease of a flat under the 1993 Act must be granted at a peppercorn rent. Today's announcement means that both house and flat leaseholders will now be able to extend their lease to 990 years with a ground rent at zero.
- The formula used to work out the cost to leaseholders for buying the freehold or extending the lease includes a discount for any improvements the leaseholder has made and a discount where leaseholders have the right to remain in the property on an assured tenancy after the lease expires. These existing discounts will be retained, alongside a separate valuation methodology for low-value properties known as 'section 9(1)'.