

Evade Runner: could HMRC* robots seeking tax evaders online target you?

HM Revenue & Customs (HMRC) is opening up a new front in the war against tax evasion: cyberspace. Its new plan to raise tax from the booming virtual economy could affect many more people than any of the previous crackdowns on evasion, accountants say, including housewives earning pin money selling stuff on eBay to those offering a wide range of personal services.

George Bull of **Baker Tilly** (*national provider of accounting and business services*) explained: "Instead of having tax inspectors roaming street markets looking for people who have set up businesses without declaring them, HMRC will use robots to sift through masses of data online.

"People who clear their attic by selling a few things on eBay should not be affected but those who run a business online are likely to be identified by two factors. First, the things they sell are likely to share a common ground – unlike a random collection of things that have built up in the attic over the years – and, second, they are likely to have been bought with the intention of making a profit... These robots are a fabulous threat and the potential numbers likely to be caught internet trading could be massive."

Mike Warburton of **Grant Thornton** (*organization of accounting and consulting firms*) said: "The same principles will apply online as if you had set up a market stall. Did you buy what you are now selling with the intention of making a profit? If the answer is yes, then tax is likely to be due in exactly the same way as if the business were conducted offline rather than online. In fact, income from all trades, whether they are immoral or even illegal, are subject to tax. That means many people currently making money from a wide range of services marketed online will find they have to pay tax."

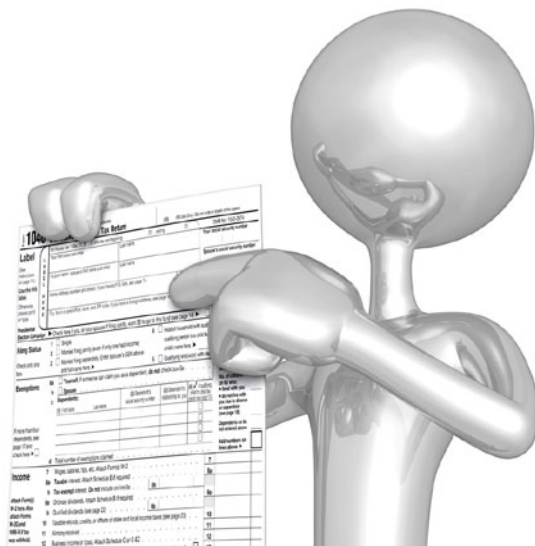
Chas Roy-Chowdhury of the Association of Chartered Certified Accountants added: "The message is that if you have not been paying all your tax on trading on the internet then you need to put your hand up to HMRC and get your affairs straightened out. The strong message coming out of the latest HMRC announcement is that you can run but you cannot hide indefinitely."

(adapted from The Daily Telegraph)

*HMRC → Her Majesty's Revenue & Customs; UK government department that collects tax, responsible for the administration and collection of all forms of tax, including VAT, income tax, etc.

1 Read the article and answer the following questions.

1. What's HMRC and what is its Italian equivalent?
2. How can robots be used by HMRC?
3. Why could housewives be affected by this new plan of raising taxes?
4. What is virtual economy?
5. How can you distinguish people who clear their house by selling a few things online from those who run a business online?
6. What is the common principle when deciding to tax a market stall or an online activity?
7. Is income deriving from illegal or immoral trades subject to taxes?
8. What's the message resulting from this announcement?

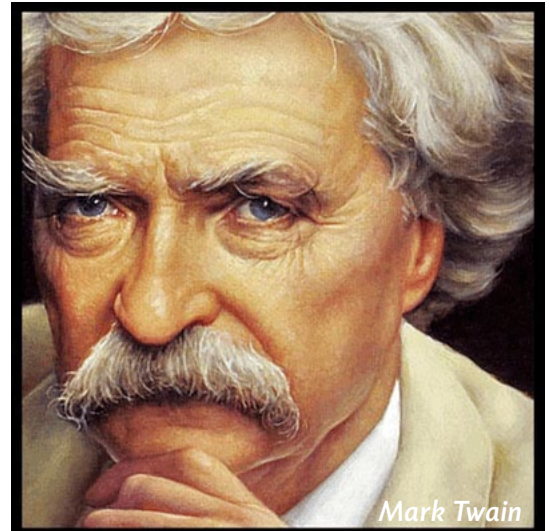


GROUP WORK - Read this short story in groups, dividing it into paragraphs. At the end each group will summarise a part of the short story explaining it to the rest of the class.

From The 'London Times of 1904' by Mark Twain

Correspondence of the 'London Times' Chicago, April 1, 1904

I resume by cable-telephone where I left off yesterday. For many hours now, this vast city--along with the rest of the globe, of course--has talked of nothing but the extraordinary episode mentioned in my last report. In accordance with your instructions, I will now trace the romance from its beginnings down to the culmination of yesterday--or today; call it which you like. By an odd chance, I was a personal actor in a part of this drama myself. The opening scene plays in Vienna. Date, one o'clock in the morning, March 31, 1898. I had spent the evening at a social entertainment. About midnight I went away, in company with the military attaches of the British, Italian, and American embassies, to finish with a late smoke. This function had been appointed to take place in the house of Lieutenant Hillyer, the third attache mentioned in the above list. When we arrived there we found several visitors in the room; young Szczepanik; [1] Mr. K., his financial backer; Mr. W., the latter's secretary; and Lieutenant Clayton, of the United States Army. War was at that time threatening between Spain and our country, and Lieutenant Clayton had been sent to Europe on military business. I was well acquainted with young Szczepanik and his two friends, and I knew Mr. Clayton slightly. I had met him at West Point years before, when he was a cadet. It was when General Merritt was superintendent. He had the reputation of being an able officer, and also of being quick-tempered and plain-spoken.



This smoking-party had been gathered together partly for business. This business was to consider the availability of the teleelectroscope for military service. It sounds oddly enough now, but it is nevertheless true that at that time the invention was not taken seriously by any one except its inventor. Even his financial support regarded it merely as a curious and interesting toy. Indeed, he was so convinced of this that he had actually postponed its use by the general world to the end of the dying century by granting a two years' exclusive lease of it to a syndicate, whose intent was to exploit it at the Paris World's Fair. When we entered the smoking-room we found Lieutenant Clayton and Szczepanik engaged in a warm talk over the teleelectroscope in the German tongue. Clayton was saying:

'Well, you know my opinion of it, anyway!' and he brought his fist down with emphasis upon the table. 'And I do not value it,' retorted the young inventor, with provoking calmness of tone and manner. Clayton turned to Mr. K., and said:

'I cannot see why you are wasting money on this toy. In my opinion, the day will never come when it will do a farthing's worth of real service for any human being.'

'That may be; yes, that may be; still, I have put the money in it, and am content. I think, myself, that it is only a toy; but Szczepanik claims more for it, and I know him well enough to believe that he can see father than I can--either with his teleelectroscope or without it.'

The soft answer did not cool Clayton down; it seemed only to irritate him the more; and he repeated and

emphasised his conviction that the invention would never do any man a farthing's worth of real service. He even made it a 'brass' farthing, this time. Then he laid an English farthing on the table, and added:

'Take that, Mr. K., and put it away; and if ever the teleelectroscope does any man an actual service--mind, a real service--please mail it to me as a reminder, and I will take back what I have been saying. Will you?'

'I will,' and Mr. K. put the coin in his pocket.

Mr. Clayton now turned toward Szczepanik, and began with a taunt--a taunt which did not reach a finish; Szczepanik interrupted it with a hardy retort, and followed this with a blow. There was a brisk fight for a moment or two; then the attaches separated the men.

The scene now changes to Chicago. Time, the autumn of 1901. As soon as the Paris contract released the teleelectroscope, it was delivered to public use, and was soon connected with the telephonic systems of the whole world. The improved 'limitless-distance' telephone was presently introduced, and the daily doings of the globe made visible to everybody, and audibly discussible, too, by witnesses separated by any number of leagues.

By-and-by Szczepanik arrived in Chicago. Clayton (now captain) was serving in that military department at the time. The two men resumed the Viennese quarrel of 1898. On three different occasions they quarrelled, and were separated by witnesses. Then came an interval of two months, during which time Szczepanik was not seen by any of his friends, and it was at first supposed that he had gone off on a sight seeing tour and would soon be heard from. But no; no word came from him. Then it was supposed that he had returned to Europe. Still, time drifted on, and he was not heard from. Nobody was troubled, for he was like most inventors and other kinds of poets, and went and came in a capricious way, and often without notice.

Now comes the tragedy. On December 29, in a dark and unused compartment of the cellar under Captain Clayton's house, a corpse was discovered by one of Clayton's maid-servants. Friends of deceased identified it as Szczepanik's. The man had died by violence. Clayton was arrested, indicted, and brought to trial, charged with this murder. The evidence against him was perfect in every detail, and absolutely unassailable. Clayton admitted this himself. He said that a reasonable man could not examine this testimony with a dispassionate mind and not be convinced by it; yet the man would be in error, nevertheless. Clayton swore that he did not commit the murder, and that he had had nothing to do with it.

As your readers will remember, he was condemned to death. He had numerous and powerful friends, and they worked hard to save him, for none of them doubted the truth of his assertion. I did what little I could to help, for I had long since become a close friend of his, and thought I knew that it was not in his character to inveigle an enemy into a corner and assassinate him. During 1902 and 1903 he was several times reprieved by the governor; he was reprieved once more in the beginning of the present year, and the execution day postponed to March 31.

The governor's situation has been embarrassing, from the day of the condemnation, because of the fact that Clayton's wife is the governor's niece. The marriage took place in 1899, when Clayton was thirty-four and the girl twenty-three, and has been a happy one. There is one child, a little girl three years old. Pity for the poor mother and child kept the mouths of grumblers closed at first; but this could not last for ever-- for in America politics has a hand in everything--and by-and-by the governor's political opponents began to call attention to his delay in allowing the law to take its course. These hints have grown more and more frequent of late, and more and more pronounced. As a natural result, his own part grew nervous. Its leaders began to visit Springfield and hold long private conferences with him. He was now between two fires. On the one hand, his niece was imploring him to pardon her husband; on the other were the leaders, insisting that he stand to his plain duty as chief magistrate of the State, and place no further bar to Clayton's execution. Duty won in the struggle, and the Governor gave his word that he would not again respite the condemned man. This was two weeks ago. Mrs. Clayton now said:

'Now that you have given your word, my last hope is gone, for I know you will never go back from it. But you have done the best you could for John, and I have no reproaches for you. You love him, and you love me, and we know

that if you could honourable save him, you would do it. I will go to him now, and be what help I can to him, and get what comfort I may out of the few days that are left to us before the night comes which will have no end for me in life. You will be with me that day? You will not let me bear it alone?’

‘I will take you to him myself, poor child, and I will be near you to the last.’

By the governor’s command, Clayton was now allowed every indulgence he might ask for which could interest his mind and soften the hardships of his imprisonment. His wife and child spent the days with him; I was his companion by night. He was removed from the narrow cell which he had occupied during such a dreary stretch of time, and given the chief warden’s roomy and comfortable quarters. His mind was always busy with the catastrophe of his life, and with the slaughtered inventor, and he now took the fancy that he would like to have the teleelectroscope and divert his mind with it. He had his wish. The connection was made with the international telephone-station, and day by day, and night by night, he called up one corner of the globe after another, and looked upon its life, and studied its strange sights, and spoke with its people, and realised that by grace of this marvellous instrument he was almost as free as the birds of the air, although a prisoner under locks and bars. He seldom spoke, and I never interrupted him when he was absorbed in this amusement. I sat in his parlour and read, and smoked, and the nights were very quiet and reposefully sociable, and I found them pleasant. Now and then I would hear him say ‘Give me Yedo;’ next, ‘Give me Hong-Kong;’ next, ‘Give me Melbourne.’ And I smoked on, and read in comfort, while he wandered about the remote underworld, where the sun was shining in the sky, and the people were at their daily work. Sometimes the talk that came from those far regions through the microphone attachment interested me, and I listened.

Yesterday--I keep calling it yesterday, which is quite natural, for certain reasons--the instrument remained unused, and that also was natural, for it was the eve of the execution day. It was spent in tears and lamentations and farewells. The governor and the wife and child remained until a quarter-past eleven at night, and the scenes I witnessed were pitiful to see. The execution was to take place at four in the morning. A little after eleven a sound of hammering broke out upon the still night, and there was a glare of light, and the child cried out, ‘What is that, papa?’ and ran to the window before she could be stopped and clapped her small hands and said, ‘Oh, come and see, mamma--such a pretty thing they are making!’ The mother knew--and fainted. It was the gallows!

She was carried away to her lodging, poor woman, and Clayton and I were alone--alone, and thinking, brooding, dreaming. We might have been statues, we sat so motionless and still. It was a wild night, for winter was come again for a moment, after the habit of this region in the early spring. The sky was starless and black, and a strong wind was blowing from the lake. The silence in the room was so deep that all outside sounds seemed exaggerated by contrast with it. These sounds were fitting ones: they harmonised with the situation and the conditions: the boom and thunder of sudden storm-gusts among the roofs and chimneys, then the dying down into moanings and wailings about the eaves and angles; now and then a gnashing and lashing rush of sleet along the window-panes; and always the muffled and uncanny hammering of the gallows-builders in the court-yard. After an age of this, another sound--far off, and coming smothered and faint through the riot of the tempest--a bell tolling twelve! Another age, and it was tolled again. By-and-by, again. A dreary long interval after this, then the spectral sound floated to us once more--one, two three; and this time we caught our breath; sixty minutes of life left!

Clayton rose, and stood by the window, and looked up into the black sky, and listened to the thrashing sleet and the piping wind; then he said: ‘That a dying man’s last of earth should be--this!’ After a little he said: ‘I must see the sun again--the sun!’ and the next moment he was feverishly calling: ‘China! Give me China--Peking!’

I was strangely stirred, and said to myself: ‘To think that it is a mere human being who does this unimaginable miracle--turns winter into summer, night into day, storm into calm, gives the freedom of the great globe to a prisoner in his cell, and the sun in his naked splendour to a man dying in Egyptian darkness.’

I was listening.

‘What light! what brilliancy! what radiance!.... This is Peking?’

'Yes.'

'The time?'

'Mid-afternoon.'

'What is the great crowd for, and in such gorgeous costumes? What masses and masses of rich colour and barbaric magnificence! And how they flash and glow and burn in the flooding sunlight! What is the occasion of it all?'

'The coronation of our new emperor--the Czar.'

'But I thought that that was to take place yesterday.'

'This is yesterday--to you.'

'Certainly it is. But my mind is confused, these days: there are reasons for it.... Is this the beginning of the procession?'

'Oh, no; it began to move an hour ago.'

'Is there much more of it still to come?'

'Two hours of it. Why do you sigh?'

'Because I should like to see it all.'

'And why can't you?'

'I have to go--presently.'

'You have an engagement?'

After a pause, softly: 'Yes.' After another pause: 'Who are these in the splendid pavilion?'

'The imperial family, and visiting royalties from here and there and yonder in the earth.'

'And who are those in the adjoining pavilions to the right and left?'

'Ambassadors and their families and suites to the right; unofficial foreigners to the left.'

'If you will be so good, I--'

Boom! That distant bell again, tolling the half-hour faintly through the tempest of wind and sleet. The door opened, and the governor and the mother and child entered--the woman in widow's weeds! She fell upon her husband's breast in a passion of sobs, and I--I could not stay; I could not bear it. I went into the bedchamber, and closed the door. I sat there waiting--waiting--waiting, and listening to the rattling sashes and the blustering of the storm. After what seemed a long, long time, I heard a rustle and movement in the parlour, and knew that the clergyman and the sheriff and the guard were come. There was some low-voiced talking; then a hush; then a prayer, with a sound of sobbing; presently, footfalls--the departure for the gallows; then the child's happy voice: 'Don't cry now, mamma, when we've got papa again, and taking him home.'

The door closed; they were gone. I was ashamed: I was the only friend of the dying man that had no spirit, no courage. I stepped into the room, and said I would be a man and would follow. But we are made as we are made, and we cannot help it. I did not go.

I fidgeted about the room nervously, and presently went to the window and softly raised it--drawn by that dread fascination which the terrible and the awful exert--and looked down upon the court-yard. By the garish light of the electric lamps I saw the little group of privileged witnesses, the wife crying on her uncle's breast, the condemned man standing on the scaffold with the halter around his neck, his arms strapped to his body, the black cap on his head, the sheriff at his side with his hand on the drop, the clergyman in front of him with bare head and his book in his hand.

'I am the resurrection and the life--'

I turned away. I could not listen; I could not look. I did not know whither to go or what to do. Mechanically and without knowing it, I put my eye to that strange instrument, and there was Peking and the Czar's procession! The next moment I was leaning out of the window, gasping, suffocating, trying to speak, but dumb from the very imminence of the necessity of speaking. The preacher could speak, but I, who had such need of words--'And may God have mercy upon your soul. Amen.'

The sheriff drew down the black cap, and laid his hand upon the lever. I got my voice.

'Stop, for God's sake! The man is innocent. Come here and see Szczepanik face to face!'

Hardly three minutes later the governor had my place at the window, and was saying:

'Strike off his bonds and set him free!'

Three minutes later all were in the parlour again. The reader will imagine the scene; I have no need to describe it. It was a sort of mad orgy of joy.

A messenger carried word to Szczepanik in the pavilion, and one could see the distressed amazement in his face as he listened to the tale. Then he came to his end of the line, and talked with Clayton and the governor and the others; and the wife poured out her gratitude upon him for saving her husband's life, and in her deep thankfulness she kissed him at twelve thousand miles' range.

The teleelectroscopes of the world were put to service now, and for many hours the kinds and queens of many realms (with here and there a reporter) talked with Szczepanik, and praised him; and the few scientific societies which had not already made him an honorary member conferred that grace upon him.

How had he come to disappear from among us? It was easily explained. HE had not grown used to being a world-famous person, and had been forced to break away from the lionising that was robbing him of all privacy and repose. So he grew a beard, put on coloured glasses, disguised himself a little in other ways, then took a fictitious name, and went off to wander about the earth in peace.

Such is the tale of the drama which began with an inconsequential quarrel in Vienna in the spring of 1898, and came near ending as a tragedy in the spring of 1904.

II

Correspondence of the 'London Times' **Chicago, April 5, 1904**

To-day, by a clipper of the Electric Line, and the latter's Electric Railway connections, arrived an envelope from Vienna, for Captain Clayton, containing an English farthing. The receiver of it was a good deal moved. He called up Vienna, and stood face to face with Mr. K., and said:

'I do not need to say anything: you can see it all in my face. My wife has the farthing. Do not be afraid--she will not throw it away.'

III

Correspondence of the 'London Times' **Chicago, April 23, 1904**

Now that the after developments of the Clayton case have run their course and reached a finish, I will sum them up. Clayton's romantic escape from a shameful death stepped all this region in an enchantment of wonder and joy--during the proverbial nine days. Then the sobering process followed, and men began to take thought, and to say: 'But a man was killed, and Clayton killed him.' Others replied: 'That is true: we have been overlooking that important detail; we have been led away by excitement.'

The telling soon became general that Clayton ought to be tried again. Measures were taken accordingly, and the proper representations conveyed to Washington; for in America under the new paragraph added to the Constitution in 1889, second trials are not State affairs, but national, and must be tried by the most august body in the land--the Supreme Court of the United States. The justices were therefore summoned to sit in Chicago. The session was held day before yesterday, and was opened with the usual impressive formalities, the nine judges appearing in their black robes, and the new chief justice (Lemaitre) presiding. In opening the case the chief justice said:

'It is my opinion that this matter is quite simple. The prisoner at the bar was charged with murdering the man Szczepanik; he was tried for murdering the man Szczepanik; he was fairly tried and justly condemned and sentenced to death for murdering the man Szczepanik. It turns out that the man Szczepanik was not murdered at all. By the decision of the French courts in the Dreyfus matter, it is established beyond cavil or question that the decisions of courts are permanent and cannot be revised. We are obliged to respect and adopt this precedent. It is upon precedents that the enduring edifice of jurisprudence is reared. The prisoner at the bar has been fairly and righteously condemned to death for the murder of the man Szczepanik, and, in my opinion, there is but one course to pursue in the matter: he must be hanged.'

Mr. Justice Crawford said:

'But, your Excellency, he was pardoned on the scaffold for that.'

'The pardon is not valid, and cannot stand, because he was pardoned for killing Szczepanik, a man whom he had not killed. A man cannot be pardoned for a crime which he has not committed; it would be an absurdity.'

'But, your Excellency, he did kill a man.'

'That is an extraneous detail; we have nothing to do with it. The court cannot take up this crime until the prisoner has expiated the other one.'

Mr. Justice Halleck said:

'If we order his execution, your Excellency, we shall bring about a miscarriage of justice, for the governor will pardon him again.'

'He will not have the power. He cannot pardon a man for a crime which he has not committed. As I observed before, it would be an absurdity.'

After a consultation, Mr. Justice Wadsworth said:

'Several of us have arrived at the conclusion, your Excellency, that it would be an error to hang the prisoner for killing Szczepanik, instead of for killing the other man, since it is proven that he did not kill Szczepanik.'

'On the contrary, it is proven that he did kill Szczepanik. By the French precedent, it is plain that we must abide by the finding of the court.'

'But Szczepanik is still alive.'

'So is Dreyfus.'

In the end it was found impossible to ignore or get around the French precedent. There could be but one result: Clayton was delivered over for the execution. It made an immense excitement; the State rose as one man and clamored for Clayton's pardon and retrial. The governor issued the pardon, but the Supreme Court was in duty bound to annul it, and did so, and poor Clayton was hanged yesterday. The city is draped in black, and, indeed, the like may be said of the State. All America is vocal with scorn of 'French justice,' and of the malignant little soldiers who invented it and inflicted it upon the other Christian lands.