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International and European News 20 January 2016

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The euro area consists of Belgium, Germany, Ireland, Greece, Spain, France, Italy, Cyprus, Luxembourg, Malta, the Netherlands, Austria, Portugal, Slovenia, Slovakia and Finland. From 1 January 2011, the euro area includes Estonia and on 1 January 2014 when Latvia adopted the euro the euro area became the EA18. From 1 July 2013, the EU28 includes Belgium, Bulgaria, the Czech Republic, Denmark, Germany, Estonia, Ireland, Greece, Spain, France, Italy, Croatia, Cyprus, Latvia, Lithuania, Luxembourg, Hungary, Malta, the Netherlands, Austria, Poland, Portugal, Romania, Slovenia, Slovakia, Finland, Sweden and the United Kingdom.

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International News

AUSTRALIA: CEOs worried about growth

[20 January 2016, *Business Spectator*] By AAP: Some Australian chief executives are losing confidence about their companies' growth prospects amid difficult operating conditions and global markets uncertainty, according to a new report.

Just over one third of bosses are very confident they will see revenue growth in the next 12 months, down from 43 per cent last year, according to an annual CEO survey by financial services firm PricewaterhouseCoopers.

PwC's 19th annual global CEO survey, launched at the World Economic Forum in Davos, Switzerland on Wednesday, found that just 31 per cent of Australian CEOs are expecting an increase in global economic growth this year, down from 38 per cent in 2015.

Around 57 per cent expect growth to remain the same.

Around 49 Australian CEOs, including Wesfarmers boss Richard Goyder and Mirvac CEO Susan Lloyd-Hurwitz, were involved in the survey. Some 1,400-plus bosses from around the world also took part.

PwC CEO Luke Sayers said the combination of tough operating conditions, an uncertain global outlook, and the growing fiscal deficit have set up 2016 as a make or break year for Australia's future prosperity."

Read more at:

<http://www.businessspectator.com.au/news/2016/1/20/economy/aust-ceos-worried-about-growth>

China's 6.9% GDP growth rate is not the hard landing feared

[20 January 2016, *Business Spectator*] By JAMES LAURENCESON: After a rocky few weeks for Australian financial markets, China's latest economic data release comes as a relief.

GDP was up 6.9 per cent in 2015, right in line with survey expectations. Any talk about this

being the slowest pace of growth in 25 years is off the mark.

China's economy is much bigger now. In terms of dollars, what the latest numbers imply is that 50 per cent more purchasing power was added last year than in 2010 and China is still growing at more than double the pace of a resurgent economy in the US. What that means is more Chinese demand for Australian beef, dairy, wine, tourism, education and financial services.

Data for December were also released for industrial production (at 5.9 per cent, slowing from November's 6.2 per cent), fixed asset investment (grew only 10 per cent in 2015) and retail sales (increasing 11.1 per cent in December from a year earlier). While down from economists' expectations, all pointed to a continuation of trends observed throughout last year: the old growth engines of industrial output and fixed asset investment are slowing while services and household consumption and services are keeping the economy moving overall.

No doubt some commentators will be quick to dismiss today's official figures as being made up by the Chinese government and to suggest that the real situation is much worse.

But that's not the conclusion reached by those who have made it their academic career to study the quality of Chinese economic data.

Read more at:

<http://www.businessspectator.com.au/article/2016/1/20/china/chinas-69-gdp-growth-rate-not-hard-landing-feared>

Gulf States Finalizing Plans For VAT From 2018

[20 January 2016, *Tax-News.com*] Posted on 19 January, by Lorys Charalambous, Tax-News.com, Cyprus: The UAE Deputy Ministry of Finance, Younis Al-Khouri, has told reporters that Gulf Cooperation Council countries are nearing an agreement that would see value-added tax introduced in each of the members of the bloc by 2018.

A pan-GCC VAT – receipts from which would offset the loss of customs revenues arising out of

the removal of internal customs duties – has been discussed for many years. Previously, there were said to be many technical obstacles to overcome, and some member states were said to be more ready to implement the regime than others. By May 2015, however, officials from GCC member states had signed a draft agreement on VAT.

See more at:

http://www.tax-news.com/news/Gulf_States_Finalizing_Plans_For_VAT_From_2018_70214.html

Singapore's Budget Should Refine Tax Incentives: Deloitte

[20 January 2016, *Tax-News.com*] Posted on 19 January, by Mary Swire, Tax-News.com, Hong Kong: Deloitte has said Singapore should improve tax incentives to support start-ups and ensure Singapore remains a competitive domicile for multinationals in the upcoming Budget.

Low Hwee Chua, Partner and Head of Tax Services at Deloitte Singapore and Southeast Asia, said: "As start-ups may not be profitable in the initial years, but instead would likely require funding, Deloitte Singapore suggests fine-tuning certain schemes to incentivize start-up investors, allow the continuation of tax losses incurred by start-ups, and enhance the loss carry-back regime. On the technology front, we are proposing tax incentives to support businesses in digitization and automation of their businesses, such as granting enhanced tax deductions for evolutionary innovative activities that strictly may not be considered as R&D, consultancy fees incurred for digitization projects, and software development activities."

See more at:

http://www.tax-news.com/news/Singapores_Budget_Should_Refine_Tax_Incentives_Deloitte_70204.html

CENTRAL AMERICA: Daily News 20/1

[20 January 2016, *Central America Data*] Posting on 18 January of Daily News from around the region.

Summaries

- [Immigrants: Workers Who are "Different"](#)
The disordered nature of their living conditions has been described as a positive catalyst for creative thinking.

- [Legitimate and Necessary Business Concerns](#)
The best way to help maintain the best business climate is active militancy in defence of democratic institutions.
- ["Expensive" Beef in Nicaragua](#)
In Nicaragua domestic cattle producers are being paid better than those in other countries.
- [Awards: Roadworks for \\$123 million.](#)
In Guatemala the company Overseas Engineering & Construction has been awarded a contract to build the 27-kilometer stretch between Sanarate and El Rancho, on the CA-9 North highway.
- [Connectivity, Connectivity, and More Connectivity](#)
Competitiveness in the production of goods and services is directly dependent on the adoption of digital technologies, meaning that having connectivity is vital.
- [Costa Rica: Tourism Growth Above World Average](#)
In 2015 the number of tourists who entered the country grew by 5.5% compared to 2014, while global growth in the same period was 4.4%.
- [Nicaragua: How to Export Fishery and Aquaculture Products](#)
New procedures now apply for certification and sanitary permits required to export fishery and aquaculture products.
- [Fuel Prices up to January 18, 2016](#)
Prices of a gallon of regular gasoline: Panamá \$2.35, El Salvador \$2.37, Guatemala \$2.42, Honduras \$3.11, Nicaragua \$3.13, and Costa Rica, \$3.75.

MORE CENTRAL AMERICAN NEWS

- [Tender: Sanitation Units for \\$4 million](#)
- [Statistics on Florida Ice and Farm](#)
- [Tender: Materials for Metro for \\$3 million](#)
- [Direct Flights Between Frankfurt and Panama](#)
- [Costa Rica: Medical Aesthetics Company Closes Operations](#)

Source:

<http://www.centralamericadata.com/en/static/home>

IMF downgrades global forecast

[20 January 2016, *BBC News*] On 19 January, Andrew Walker, BBC World Service economics correspondent reported that the International Monetary Fund (IMF) has downgraded its forecast

for global economic growth. It now expects economic activity to increase 3.4% this year followed by 3.6% in 2017.

That means growth of 0.2% less each year than when the agency last published a forecast in October.

And there are warnings about the risks. The report says that if key challenges are not successfully managed, "global growth could be derailed".

In many respects, the picture is a familiar one. The recovery after the financial crisis continues. But in the rich countries, it is still "modest and uneven".

Only three large advanced economies are forecast to beat 2% growth this year: the US, the UK and one of the Eurozone's crisis-hit nations, Spain, which has had its forecast upgraded.

The forecast for the UK is unchanged, at 2.2% for both years.

Read more at:

<http://www.bbc.co.uk/news/business-35344352>

Canada, Taiwan Sign Double Tax Treaty

[20 January 2016, *Tax-News.com*] Posted on 19 January, by Mike Godfrey, Tax-News.com, Washington: Canada and Taiwan have signed a double tax agreement (DTA) that will limit the withholding tax rates on income from dividends, interest, and royalties, and provide for the exchange of tax information.

The Canadian Finance Department announced that the agreement was signed on January 15, 2016, in Taipei. Under the deal, the withholding tax rate for dividends will be capped at 15 per cent. A ten per cent rate will apply to dividends paid to a company that holds directly or indirectly at least 20 per cent of the capital of the company that pays the dividends.

See more at:

http://www.tax-news.com/news/Canada_Taiwan_Sign_Double_Tax_Treaty_70206.html

Corporate Tax Hikes Lower Employee Wages: Think Tank

[20 January 2016, *Tax-News.com*] Posted on 19 January, by Mike Godfrey, Tax-News.com, Washington: The Fraser Institute, a Canadian think tank, has released a study that is said to debunk a long-held misperception in public policy debates about who ultimately bears the burden of business taxes.

Read Full Story:

http://www.tax-news.com/news/Corporate_Tax_Hikes_Lower_Employee_Wages_Think_Tank_70213.html

Aviation Leasing In Hong Kong Needs Tax Changes: PwC

[20 January 2016, *Tax-News.com*] Posted on 19 January, by Mary Swire, Tax-News.com, Hong Kong: Professional services firm PwC has said the Hong Kong Government's commitment to turn Hong Kong into an Asian aviation leasing hub will require a more competitive tax regime.

In this month's 2016 Policy Address, Chief Executive Leung Chun-ying confirmed that "the Government is formulating measures to develop Hong Kong into a centre for aerospace financing," as part of its policy to "further strengthen Hong Kong's edge as a major regional aviation hub." See more at:

http://www.tax-news.com/news/Aviation_Leasing_In_Hong_Kong_Needs_Tax_Changes_PwC_70207.html

News from Europe

Denmark Establishes Tax Treaty Task Force

[20 January 2016, *Tax-News.com*] Posted on 19 January, by Ulrika Lomas, Tax-News.com, Brussels: Danish Tax Minister Karsten Lauritzen has created a new government-industry task force that will support the Government to broaden and improve Denmark's network of double tax agreements.

Read Full Story:

http://www.tax-news.com/news/Denmark_Establishes_Tax_Treaty_Task_Force_70209.html

Greece Signs Tax MoU With German State

[20 January 2016, *Tax-News.com*] Posted on 19 January, by Ulrika Lomas, Tax-News.com, Brussels: The tax authorities of the German state of North Rhine-Westphalia and Greece will cooperate to combat tax evasion under a new initiative announced on January 16.

Read Full Story:

http://www.tax-news.com/news/Greece_Signs_Tax_MoU_With_German_State_70202.html

English NHS To Impose 'Sugar Tax' In Hospital Cafes

[20 January 2016, *Tax-News.com*] Posted on 19 January, by Robert Lee, Tax-News.com, London: Simon Stevens, the head of the National Health Service in England, has said that he will hold a consultation on the introduction of a "sugar tax" on certain drinks and sugar-added foods in hospital cafes.

Read Full Story:

http://www.tax-news.com/news/English_NHS_To_Impose_Sugar_Tax_In_Hospital_Cafes_70210.html

UK: Insurance Fraud Taskforce report recommends board level ownership of fraud

[20 January 2016, *Corporate Law and Governance Blogspot*] Posted 19 January: By Robert Goddard, Senior Lecturer in Law, Aston Law, Aston Business School, Birmingham, UK: The [Insurance Fraud Taskforce](#), set up with the aim of investigating the causes of fraudulent behaviour and recommending solutions to reduce the level of insurance fraud, has published its final report: see [here](#) (pdf). The report

recommends, on the basis of good practice identified amongst insurers, that there should be board level of ownership of counter fraud activity.

The report states (para. 4.28): "By assigning Board level ownership and ensuring responsibility rests with the most senior decision-makers, firms are better placed to manage potential conflicts of interest between departments and to establish a culture and strategy for tackling fraud. It is for individual firms to decide their own governance structures, but in practical terms the Taskforce considers that fraud would appear on the risk register and be a standing item at Board meetings".

Source:

<http://corporatelawandgovernance.blogspot.co.uk/2016/01/uk-insurance-fraud-taskforce-final.html>

HMRC Collects Extra £3.4bn From VAT Challenges

[20 January 2016, *Tax-News.com*] Posted on 19 January, by Robert Lee, Tax-News.com, London: HM Revenue and Customs (HMRC) collected an additional £3.38bn (US\$4.9bn) in revenue through investigations into value-added tax (VAT) compliance among the UK's biggest businesses in 2014-15, according to research by international law firm Pinsent Masons.

The additional VAT was collected from inquiries undertaken by HMRC's Large Business Directorate. The Directorate was established in April 2014 to ensure the tax compliance of the UK's 2,100 largest and most complex businesses. In 2014-15, there were 1,960 open inquiries into VAT compliance.

Pinsent Masons said that the sum reflects a shift by HMRC toward targeting the underpayment of VAT by large firms. The estimated VAT tax gap – the difference between the amount of VAT that should have been and is actually collected – stood at £13bn in 2014-15.

See more at:

http://www.tax-news.com/news/HMRC_Collects_Extra_GBP34bn_From_VAT_Challenges_70205.html

EC consultation - non-financial reporting - non-binding guidance methodology

[20 January 2016, *Corporate Law and Governance Blogspot*] Posted 19 January: By Robert Goddard, Senior Lecturer in Law, Aston Law, Aston Business School, Birmingham, UK: The [European Commission](#) is seeking views on the non-binding guidance on methodology it proposes to publish in respect of the new non-financial reporting requirements imposed on certain large companies by [Directive 2014/95/EU \(on disclosure of non-financial and diversity information by certain large undertakings and groups\)](#): see [here](#).

Source:

<http://corporatelawandgovernance.blogspot.co.uk/2016/01/europe-commission-consultation-non.html>

The European Union Tax Burden Rose In 2014

[20 January 2016, *Tax-News.com*] Posted on 19 January, by Ulrika Lomas, Tax-News.com, Brussels: The tax-to-gross domestic product ratio in the European Union crept higher in 2014, to 40 per cent, according to a new report from Eurostat.

Read Full Story:

http://www.tax-news.com/news/European_Union_Tax_Burden_Rise_In_2014_70208.html

UK: Government moves to cap 'excessive' early exit charges on pensions

[20 January 2016, *New Model Adviser*] On 19 January, Charles Walmsley writing in New Model Adviser reported that HM Treasury will introduce legislation to cap 'excessive' exit charges levied on savers looking to access their pots under the pension freedoms.

In the House of Commons, chancellor George Osborne said legislation would be introduced that will make the Financial Conduct Authority (FCA) responsible for capping 'excessive' early exit fees on pension schemes, for those eligible to access their pension pot under the pension freedoms introduced last April.

However, Osborne did not provide any further information about how much the cap would be set at or when it would be introduced.

In July 2015, the Treasury launched a consultation paper on early exit fees charged by pension providers after reports suggested people were unable to take advantage of the new rules due to excessive charges.

One of the changes it proposed in the paper was a cap on all early exit fees charged by pension providers.

It also proposed a flexible cap in certain circumstances and a voluntary approach to restricted exit fees and charges.

Osborne announced plans to introduce a cap on exit fees in the House of Commons.

Read more at:

<http://citywire.co.uk/new-model-adviser/news/gov-t-moves-to-cap-excessive-early-exit-charges-on-pensions/a874732>

Charity Commission expands inquiry into charities failing to file accounts

[20 January 2016, *The Charity Commission*] Published: 19 January 2016: The commission named a further 14 charities as part of its class inquiry into double defaulting charities, and announced the next phase of the inquiry.

The Charity Commission, the independent regulator of charities in England and Wales, has today named a further 14 charities as part of its class inquiry into those charities who fail to file accounts properly in two consecutive years, so-called 'double defaulters'. The commission has also announced the next phase of the inquiry.

The announcement comes after the commission published a list of excuses received for not filing accounts on time.

In September 2013 the regulator first launched the class inquiry into charities that have failed to file annual reports, accounts and returns for 2 or more years. The inquiry concentrated on those charities with a last known income of over £500,000.

A second phase of the inquiry was launched in November 2013, extending it to those charities with a last known income of £250,000. Due to the number of charities involved, the commission staggered this phase, adding 21 charities to the

inquiry between November 2013 and May 2014, and a further 29 charities to the inquiry between May and November 2014.

Read more at:

<https://www.gov.uk/government/news/charity-commission-expands-inquiry-into-charities-failing-to-file-accounts>

UK inflation rate rises to 11-month high in December

[20 January 2016, *BBC News*] Posted 19 January 2016: The UK's inflation rate rose to an 11-month high in December, with a sharp rise in air fares offsetting falling food and clothing prices.

The rate as measured by the Consumer Prices Index rose to 0.2%, from November's 0.1%, the Office for National Statistics (ONS) said.

It is the first time in a year that the rate has exceeded 0.1%, and the rise is higher than economists had expected.

Read more at:

<http://www.bbc.co.uk/news/business-35350540>

Regional labour market, January 2016

[20 January 2016, *Office for National Statistics (ONS)*] On 20 January, ONS published the latest main labour market statistics for the regions and countries of the UK - January 2016.

Main points

- The UK employment rate, for the 3 months ending November 2015, was highest in the South East (77.9%) and lowest in Northern Ireland (68.8%). The employment rate estimates showed quite a few large movements for the regions and countries of the UK.
- The UK unemployment rate, for the 3 months ending November 2015, was highest in the North East (7.9%) and lowest in the South East (3.7%). The general pattern for all regions is still for flat or gently decreasing unemployment rates.
- The UK inactivity rate, for the 3 months ending November 2015, was highest in Northern Ireland (26.7%) and lowest in the South East (19.0%). The largest change in the inactivity rate, compared with the same period last year, was in the North West, which decreased by 1.4 percentage points.
- The UK Claimant Count rate, for December 2015, was highest in Northern Ireland (4.3%)

and lowest in the South East (1.2%). Compared with November 2015, the only regions to show a decrease in the Claimant Count rate were Northern Ireland and Yorkshire and The Humber, both at 0.1 percentage point, while all other regions remained unchanged.

- The largest increase in UK workforce jobs, for September 2015, was in the South West, at 39,000. The largest decrease was in the North East, at 26,000.
- The highest proportion of workforce jobs in the service sector was in London, at 91.7%, which has remained unchanged since June 2015. The West Midlands had the highest proportion of jobs in the production sector, at 12.9%.
- The highest average actual weekly hours worked, for the 12 months ending September 2015, was in Northern Ireland, at 33.6 hours and lowest in Yorkshire and The Humber, at 31.3 hours. For both full-time and part-time workers, it was highest in Northern Ireland, at 38.3 hours and 17.0 hours, respectively.

Read more at:

http://www.ons.gov.uk/ons/dcp171778_430978.pdf

UK Labour Market, January 2016

[20 January 2016, *Office for National Statistics (ONS)*] On 20 January, ONS published the latest labour market statistics for the UK - January 2016.

Main points for September to November 2015

- There were 31.39 million people in work, 267,000 more than for June to August 2015 and 588,000 more than for a year earlier.
- There were 22.96 million people working full-time, 436,000 more than for a year earlier. There were 8.43 million people working part-time, 152,000 more than for a year earlier.
- The employment rate (the proportion of people aged from 16 to 64 who were in work) was 74.0%, the highest since comparable records began in 1971.
- There were 1.68 million unemployed people (people not in work but seeking and available to work), 99,000 fewer than for June to August 2015 and 239,000 fewer than for a year earlier.
- There were 919,000 unemployed men, 149,000 fewer than for a year earlier. There

were 756,000 unemployed women, 89,000 fewer than for a year earlier.

- The unemployment rate was 5.1%, lower than for a year earlier (5.8%). It has not been lower since August to October 2005. The unemployment rate is the proportion of the labour force (those in work plus those unemployed) that were unemployed.
- There were 8.92 million people aged from 16 to 64 who were economically inactive (not working and not seeking or available to work), 93,000 fewer than for June to August 2015 and 172,000 fewer than for a year earlier.
- The inactivity rate (the proportion of people aged from 16 to 64 who were economically inactive) was 21.9%, lower than for a year earlier (22.4%). The inactivity rate has not been lower since October to December 1990.
- Average weekly earnings for employees in Great Britain increased by 2.0% including bonuses and by 1.9% excluding bonuses compared with a year earlier.

Read more at:

http://www.ons.gov.uk/ons/dcp171778_429765.pdf

The tradition of Christmas shopping on the high street could be about to end

[20 January 2016, *CITY A.M.*] By Stuart McClure (founder of online marketplace Love the Sales): We've come to that time in the New Year when retailers and investors alike look back on the data accumulated by shops throughout the Christmas season.

Next was the first retailer to release the data and it wasn't great news – either for them or for other high street retailers, as we had disappointing updates from everyone from Marks & Spencer to [Sports Direct](#).

Overall, footfall across Britain's high street tumbled by four per cent year-on-year in December, as deal-driven shoppers went online instead. It's been suggested by some retail commentators that the latest festive season was a pivotal moment for e-commerce.

The most recent survey from Love the Sales found that the majority of shoppers go online specifically to save money. During the Black Friday and Christmas periods, a whopping 80 per

cent of people said they wouldn't click 'buy' unless the item came with a reduced price tag.

Read the full story at:

<http://www.cityam.com/232757/the-tradition-of-christmas-shopping-on-the-high-street-could-be-about-to-come-to-an-end>

EMPLOYMENT

Unpaid Awards and Settlements - Penalty Notices

[20 January 2016, *Daniel Barnett, employment law barrister*] According to a written answer in [Hansard](#), the Government is intending to bring the new 'unpaid award penalties' into force from April 2016.

Contained in the new [ss37A-37Q of the Employment Tribunals Act 1996](#), the Government will issue a 'warning notice' if any awards or settlements remain unpaid. If the monies remain unpaid, then the employer will be subject to a 'penalty notice' of 50% of the outstanding amount, subject to a £100 minimum and £5,000 maximum. The money is payable to the Secretary of State, not the employee.

This is additional to the financial penalty which has been payable in claims presented after April 2014, where 'aggravating features' exist, when a tribunal can order the employer to pay an additional 50% (subject to the same maximum and minimum).

Source:

<http://www.danielbarnett.co.uk>

Interim Briggs Report Published

[20 January 2016, *Daniel Barnett, employment law barrister*] Lord Justice Briggs has published his [interim report](#) on the civil courts structure.

In paragraphs 11.8 to 11.18, he tentatively recommends that ETs and the EAT be moved within the civil court structure (rather than staying where they are, described at paragraph

3.63 as "their rather lonely existence", or being moved fully into the Tribunals Service).

Comments are invited on the interim report by the end of February, with a view to the final report being published in July 2016.

Source:

<http://www.danielbarnett.co.uk>

MARKETING AND BUSINESS PROMOTION

Marketing ideas from Marketing Profs 20/1

[20 January 2016, *Marketing Profs*] More marketing ideas and tips have been published by Marketing Profs:

In this issue

- **How-To:** [Five Ways to Make Your Brand More Powerful](#)
- **My View:** [What to Consider Before Launching a Marketing Campaign in Another Country](#)
- **PRO - Take 10:** [How to Successfully Describe Your Services](#)
- **Survey Says:** [The Most Influential Products, Brands, and People at CES 2016](#)
- **Infographic:** [The Science of Creating Highly Shareable Roundup Posts](#)

Read more:

<http://www.marketingprofs.com/news/0/1/19/16>