

BABC: Policy Focus

Summer 2012

Policy Updates

Non-Domiciled Individuals

Following our representations about proposed changes to the taxation of non-domiciled individuals, the British Government has announced simplification of some of the complex rules which will reduce the administrative burden on our members.

Residence-testing

Following our urgings that the British Government provide certainty as to the application of regulations about residence testing for tax purposes, the Government has announced that it will delay the introduction of the legislation by a year to allow for the provision of the certainty we sought.

Personal Tax

Following strong representations by ourselves and many others, the British Government announced a reduction in the top rate of personal tax from 50% to 45% in 2013.

Economic Migration

Following our representations to the UK Border Agency's consultation on

London

House prices drop in June

House prices fell back in June with the annual pace of decline reaching its highest rate for almost three years as the economy remained weak with little sign of a bounce back. House prices fell 0.6% in June after a rise of 0.2% in May, leaving prices 1.5% lower than a year ago, the lowest reading for annual growth since August 2009.

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London

Queen's Jubilee boosts retail sales

The Queen's Diamond Jubilee boosted retail sales in June, but shop sales remained subdued for the time of year, according to a survey by the CBI. Almost six out of 10 retailers reported a rise in sales compared with 17% who said sales had fallen, giving an overall figure for the distributive trades index of +42% – the strongest reading since December 2010. Retailers across most sectors expect orders and sales to continue increasing over the next few months.

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London

David Cameron rules out EU referendum

economic migration and settlement, the government has agreed to our urgings to extend the 5 year limit for Tier 2 workers by a year and continue to provide a route to settlement, providing that certain skills/salary criteria are met.

Other Issues

We await decisions from the British Government on other issues on which we have been actively involved, including our response in March 2012 to the Ministry of Justice's Call for Evidence on the EU'S Data protection Proposals. We will also be responding shortly to the Government's impending consultation on aviation policy and call for evidence on the UK's aviation hub status.

London

Olympics to boost UK economy by £5.33billion

The Olympics and Paralympics are set to inject a £804million shot in the arm to the economy during the seven week period. Research by Visa Europe shows the Games are to create an economic legacy worth £5.33billion by 2015. High street retailers are set to enjoy a £210million uplift while the grocers are forecast to increase their income by £88million.

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Brussels

Eurozone confidence falls further in June

Eurozone consumer and business confidence fell in June for the third month

The Prime Minister insisted he shared the views of eurosceptics in his party but said he was "optimistic" that the UK's relationship with Brussels was changing to meet the concerns of British people. He acknowledged the closer links forged by Eurozone countries would have consequences for the UK but said no new powers would be passed from Westminster to Brussels.

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Brussels

EU unveils its vision for the future monetary union

European authorities have unveiled their vision for the future, which gives them much greater powers. It includes the creation of a European treasury, which would have powers over national budgets. European Commission President Jose Manuel Barroso said it was "a defining moment for European integration". The 10-year plan is designed to strengthen the Eurozone and prevent future crises, but critics say it will not address current debt problems.

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Brussels

Euro-MPs deal new blow to online piracy pact

A controversial global pact to battle counterfeiting and online piracy was dealt a new setback on June 28 as a key European Parliament panel rejected the deal. The international trade committee voted 19-12 against the Anti-Counterfeiting Trade Agreement (ACTA), recommending that the

running, official data showed on 28 June, but sentiment remained stable across the wider European Union. The European Commission's confidence index for the 17-nation Eurozone lost 0.6 points to 89.9 points, a statement said, while the figure for the 27-member EU was stable at 90.4 points.

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Washington

Business activity in U.S. unexpectedly grew at a faster pace

Business activity in the U.S. unexpectedly expanded in June at a faster pace as production and employment rebounded.

The Institute for Supply Management-Chicago Inc. said today its business activity barometer increased to 52.9 from 52.7 in May. A reading of 50 is the dividing line between growth and contraction.

Economists projected the purchasing managers' gauge would decline to 52.3, according to the median of 51 estimates in a Bloomberg News survey.

full European Parliament bury the international pact next month.

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Brussels

EU agrees common patent to give inventors competitive edge

Ending a decades-long deadlock, European Union leaders have struck a deal to create a single European patent that will make it easier and cheaper for researchers to protect their inventions. EU president Herman Van Rompuy hailed the agreement, reached during a two-day summit, as a "historical breakthrough" after a compromise was agreed over which country will host the patent court.

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Washington

OECD report recommends US tax changes

The Organization for Economic Co-operation and Development (OECD), in its latest Economic Survey of the United States, has recommended that economic policy should continue to focus on both the recovery and longer term fiscal sustainability. Legislative decisions, it says, are required to avoid the possible recessionary impact of the 'fiscal cliff' in 2013 due to the scheduled expiration of tax cuts and automatic spending cuts, while also looking to reduce the federal budget deficit at a gradual pace so as to put the country's fiscal debt ratio on a downward path and restore fiscal sustainability.

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