



Knowing you.

▼ International Tax Newsletter

Looking forward to 2018

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A year of uncertainty, but a lot to look forward to in 2018 in the UK!

We live in a volatile and changing world, but as 2017 drew to an end with plenty of uncertainty in the air, we look forward to 2018 with quiet optimism.

In the political sphere, we will have to wait to see if our exit from the European Union will be smooth or fraught with difficulty. At least Theresa May and her negotiating team have now been able to make sufficient progress on divorce talks to move on to the next stage that will cover transitional arrangements and trade.

Elsewhere in the world, Donald Trump's sweeping US tax reforms look certain to change the international tax planning landscape in respect of multi-nation enterprises; or at least make international tax advisors and global CEO's think about their current structures.

In China, Xi Jinping has consolidated his authority and secured an exceptional degree of power to modernise the country by 2025. His 'Belt and Road' initiative will see Chinese investment in ambitious infrastructure projects increase across the globe.

In business, tech-driven disruption will intensify. Artificial Intelligence, mobile streaming, virtual technology, driverless cars, commercial drones and so on will all develop at pace. Many businesses will be battling for their future and have to think deeply about how technology will affect their existing business models.

For the individual, the UK tax authorities will shortly be rolling out the 'Making Tax Digital' system. This will involve all of us having our own digital tax account with the requirement to upload information on a quarterly basis. The traditional tax return will, within three years, have been consigned to history. Once everyone is used to this change I am sure it will be a more efficient process that will make sure everyone is aware of their tax obligations. The transition will, however, be challenging for a number of people and we, like other accountants and tax advisors, are doing all we can to develop our systems to help clients with their new obligations.

That said, and despite all the uncertainty, we remain optimistic for 2018 and the foreseeable future.

It is a good time for the global economy. Despite the recent 'sell-off' in the global markets, for which some commentators remarked that the 'sell-off' was just the markets correcting themselves, 2018 marks 10 years since the start of the last financial crisis – for many a lost decade – but there are encouraging signs of growth. All the major economies are likely to move ahead. Donald Trump's tax cutting agenda in the USA, China's infrastructure investment and the growing economic power of India and other countries will drive global consumer demand for goods and services.

In recent years, the UK economy has been a good performer on the international stage. In the past 5 years GDP has grown by a fifth and, while wages growth has been poor, unemployment has been well below long run averages. The Brexit vote has done less immediate damage than was first feared by many and consumer spending and business investment has held up.

But will we all be happier in 2018?

There is a lot to look forward to in the UK this year.

It was in 1968 that the landmark programme 'Civilisation' was broadcast by the BBC. A new version of 'Civilisations' will be broadcast in the spring; which will be the BBC's largest ever cultural project.

Sticking with the BBC, their Weather service has just reverted back to a 'flat' map of the British Isles, opposed to the arched or tilted version used for the past 13 years, so Scotland now looks normal again, much to the delight of our Scottish colleagues.

For football fans, we have the World Cup in Russia for the first time. Surely England must fare better than previous outings? Let's hope so.

In the South East of England, we will get a boost from the opening of Crossrail in Central London in December 2018.

It will be fantastic to have the building work out of the way and open up easier travel connections across London.

And for movie buffs, Mary Poppins 2 will be hitting our screens as a sequel to the original with Emily Blunt in the title role and without Dick van Dyke's questionable English accent.

We look forward to helping our clients navigate the changes that the future will bring, both locally here in the UK and abroad, and we do hope that 2018 turns out to be 'supercalifragilistic' for you, your family and business.

Further information:

Through these international tax bulletins we aim to keep you informed of international tax and transfer pricing developments. For specific comments, questions or concerns, please **contact the editor**.



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