

Hasmukh Dodia
HM Revenue & Customs
100 Parliament Street
London, SW1A 2BQ
United Kingdom

shareschemes@hmrc.gsi.gov.uk

11 February 2014

Dear Mr Dodia,

Draft Finance Bill 2014: Increasing Share Incentive Plans and Save As You Earn limits

Introduction

We are the Quoted Companies Alliance, the independent membership organisation that champions the interests of small to mid-size quoted companies. Their individual market capitalisations tend to be below £500m.

The Quoted Companies Alliance is a founder member of European **Issuers**, which represents over 9,000 quoted companies in fourteen European countries.

The Quoted Companies Alliance Share Schemes Expert Group has examined your proposals and advised on this response. A list of members of the Expert Group is at Appendix A.

Response

We welcome the opportunity to comment on the legislation.

With regard to the proposed revisions, we strongly support the amendment to Schedule 2 to the Income Tax (Earnings and Pensions) Act 2003 (ITEPA), which increases the maximum amount that can be deducted from an employee's salary annually for Share Incentive Plans (SIP) partnership shares from £1,500 to £1,800, and increase the maximum annual award of SIP free shares from £3,000 to £3,600. We also welcome the proposed revision of the Save as You Earn Option Schemes (SAYE) prospectus, which will increase the maximum monthly amount that an employee can contribute to SAYE from £250 to £500.

These increases were long overdue: these were the first increases in SIP and SAYE saving limits (apart from lifting the limit on Dividend Shares last year) since 2001 and 1991 respectively. We believe that these increases better enable employees to save and invest, contributing to their own futures as well as gaining a real stake at the companies they work for.

However, we believe that both SIP and SAYE limits should be reviewed regularly so that the limits are in line with inflation. This would maintain SIP and SAYE's attraction and further encourage employee share ownership.

If you would like to discuss our response in more detail, we would be happy to attend a meeting.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'TW', is positioned above the typed name.

Tim Ward
Chief Executive

Quoted Companies Alliance Share Schemes Expert Group

Fiona Bell (Chairman)	RM2 Partnership Limited
Michael Landon (Deputy Chairman)	MM & K Limited
Jared Cranney (Deputy Chairman)	ISG plc
Barbara Allen/Anika Chandra	Stephenson Harwood
Emma Bailey	Fox Williams LLP
Martin Benson	Baker Tilly
Danny Blum	Eversheds LLP
Stephen Chater /Robert Postlethwaite	Postlethwaite & Co
Sara Cohen	Lewis Silkin
Karen Cooper	Osborne Clarke
Rory Cray	FIT Remuneration Consultants
John Daughtrey	Equiniti
Matthew Findley	Pinsent Masons LLP
David Firth	Penna Consulting PLC
Philip Fisher	BDO LLP
Amanda Flint/Richard Sharman/	Grant Thornton UK LLP
Amanda Stapleton	
David Fuller	CLS Holdings PLC
Mark Gearing	Field Fisher Waterhouse
Andy Goodman	BDO LLP
Paula Hargaden	Burges Salmon
Colin Kendon	Bird & Bird LLP
Isabel Pooley/Nicholas Stretch	CMS Cameron McKenna LLP
Andrew Quayle	Olswang
Mia Thursby-Pelham	PricewaterhouseCoopers LLP
Nick Wallis	Smith & Williamson Limited
Matthew Ward	Hewitt New Bridge Street