The Quoted Companies Alliance

QCA Tax Committee
Terms of Reference

Aims and objectives of the Committee:

- A simple and reliable taxation system that allows for small and mid-cap quoted companies to grow rather than be burdened by complex tax issues.

- A tax environment that ensures the UK is at the forefront as an attractive and progressive place to do business for small and mid-cap quoted companies.

- Simple tax incentives to encourage more investment (both institutional and retail) into smaller, growing companies.

- A lower tax burden on small and mid-cap quoted companies, in particular.

- A favourable tax environment for both small and mid-cap quoted companies and investors in these companies.

Activities of the Committee:

- Lobby Government to further extend current tax incentives (e.g. Venture Capital Trusts, Enterprise Investment Scheme, Entrepreneurs' Relief etc…) and develop new ones to maintain and encourage more investment in the small and mid-cap quoted company sector.

- Lobby Government to remove biases in the tax system that cause distortion and prevent the UK from gaining more overseas business (e.g. the 'debt bias' and the elimination of Stamp Duty).

- Inform small and mid-cap quoted companies about potential taxation issues that could be an additional burden.

- Lobby on behalf of small and mid-cap quoted companies to lower the taxation burden.

- Meet with HM Revenue and Customs and HM Treasury to understand the thinking behind tax incentives and share ideas on how to improve measures.

- Cooperate with other representative bodies on tax issues.

Specific Lobbying Issues/Consultation Papers for 2010

- Venture Capital Trust (VCTs) – increase the size thresholds for qualifying company investments and allow trading in secondary markets.

- Enterprise Investment Scheme (EIS) – permit loan conversion.

- Costs of raising equity to be tax deductible, similar to loan finance.

April 2010

- Individual Savings Accounts (ISAs) - allow shares from companies on exchange-regulated markets to be included in ISAs.

- Reduce the mainstream Corporation Tax rate to 25% and the smaller companies' rate to 18%.

- Raise the limit at which Corporation Tax must be paid on profits before they are earned in terms of quarterly payments.

- Increase the amount of losses available to carry back to £300,000 and increase the relevant period to 4 years.

- Debt Cap - introduce a simplified gateway test for those companies where there is no risk of any restriction applying.

- Senior Accounting Officer (SAO) requirements – remove the personal liability provision and link the certification procedure to the current 'risk profile' measures.

- Transfer pricing – extend the exemption currently limited to small companies to medium-sized companies.

- Capital Gains Tax exemption for Substantial Shareholdings – remove the requirement that the investor company must have trading status.

- Take steps to align the rules applicable to National Insurance and Income Tax.

- Monitor changes to the personal tax rates in 2010 and how they affect small and mid-cap quoted companies' remuneration structures.