

Minutes of the QCA Tax Expert Group

Held on: Wednesday 7 November 2018

Venue: Moore Stephens, 150 Aldersgate Street, London, EC1A 4AB

Present:

Paul Fay (Chair)	Crowe UK LLP	PF
Paul Attridge	Beavis Morgan LLP	PA
Emma Bailey	Fox Williams	EB
Yuri Hamano	Moore Stephens	YH
Dan Robertson	RSM	DR
Matthew Rowbotham	Lewis Silkin	MR
Peter Vertannes	KPMG LLP	PV
Anthony Robinson	Quoted Companies Alliance	AR
Callum Anderson (minutes)	Quoted Companies Alliance	CA

In attendance:

David Blumenthal	Clyde & Co LLP	DB
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1. APOLOGIES

Apologies were received from Oliver Gutman, Daniel Hawthorne, Hannah Jones, Emma Locken, Zoe Peck, Ray Smith, Andrew Snowdon, Douglas Tailby and Tim Ward.

2. MINUTES OF LAST MEETING (26 September 2018)

The minutes were approved.

3. ISSUES FOR DISCUSSION

	ITEM	ACTION
a)	<p>Budget 2018</p> <p><u>Entrepreneurs' Relief</u></p> <p>The Expert Group noted the minimum period throughout which the qualifying conditions for entrepreneurs' relief must be met would be extended from 12 months to 24 months.</p> <p>The Expert Group exchanged views on the Chancellor's rationale in adjusting the parameters of the relief. It was noted that there was an impact on employee share schemes with respect to Enterprise Management Incentives (EMI).</p> <p>There was also a discussion on whether other elements of the changes to Entrepreneurs' Relief would have unintended consequences which would have detrimental impacts for small and mid-size quoted companies. In</p>	<p>MR to draft a letter to HM Treasury to highlight some of the unintended consequences.</p> <p>CA to circulate to the rest of the Tax Expert Group.</p> <p>ALL to comment on draft letter.</p>

	<p>particular it was noted why EMI would be treated differently to other schemes relating to growth shares.</p> <p>MR offered to draft a letter setting these points out. The Expert Group agreed that this letter would also be circulated to the Share Schemes Expert Group for their comments. PF encouraged any letter to include any practical case studies which shows how companies would be affected by the change.</p> <p><u>Degrouping charge rules</u></p> <p>The Expert Group noted that the government had announced that it would reform the degrouping charge rules. Although this was welcomed, the Expert Group agreed to await more details on the specific changes.</p> <p><u>Government feedback statement on EIS knowledge-intensive funds</u></p> <p>The Expert Group noted that the government has published its feedback on its consultation regarding EIS knowledge-intensive funds. It was noted that the government had confirmed that it intended to proceed with its proposals, which Expert Group members welcomed.</p> <p><u>Other remarks</u></p> <p>The Expert Group also noted the restriction of the amount payable for R&D tax credit which qualifying loss-making companies can receive in any tax year.</p>	
b)	<p>Office of Tax Simplification call for evidence – Business Lifecycle Review</p> <p>The Expert Group agreed not to respond to this consultation.</p>	None.
c)	<p>Brexit</p> <p>This was not discussed.</p>	None.

4. COMMUNICATIONS AND FUTURE MEETINGS

	ITEM	ACTION
a)	<p>Policy Update (October 2018)</p> <p>This was not discussed.</p>	None.
b)	<p>Guest invitations to meetings in 2019</p> <p>The Expert Group agreed that it would be worthwhile meeting with HM Treasury's corporation tax team early next year.</p> <p>The Expert Group also agreed that it would be sensible to invite the new Tax Director of the Office of Tax Simplification when the successor was confirmed, as well as HM Treasury's Enterprise and Investment Tax team.</p> <p>It was also suggested that Anneliese Dodds, a shadow treasury minister, be invited to a future meeting.</p>	<p>QCA team to invite guests for meetings in 2019.</p>

5. NEXT MEETING

Wednesday 6 March 2018, 9.00am – 10.30am (Venue: CMS, Cannon Place, 78 Cannon Street, London, EC4N 6AF).