

Minutes of the QCA Tax Expert Group

QUOTED
COMPANIES
ALLIANCE

Held on: Wednesday 21 March 2018

Venue: Crowe Clark Whitehill LLP, St Brides House, 10 Salisbury Square, London, EC4Y 8EH

Present:

Paul Fay (Chair)	Crowe Clark Whitehill LLP	PF
Paul Attridge	Beavis Morgan LLP	PA
Emma Bailey	Fox Williams LLP	EB
Alex Barnes	Memery Crystal LLP	AB
Dan Robertson	RSM	DR
Douglas Tailby	Grant Thornton UK LLP	DT
Peter Vertannes	KPMG LLP	PV
Anthony Robinson	Quoted Companies Alliance	AR
Callum Anderson (minutes)	Quoted Companies Alliance	CA

1. APOLOGIES

Apologies were received from Mark Allwood, Nick Burt, Sam Dames, Catherine Hall, Daniel Hawthorne, Hannah Jones, Matthew Rowbotham, Ray Smith, Vijay Thakrar and Tim Ward.

2. MINUTES OF LAST MEETING (29 November 2017)

The minutes were approved.

3. ISSUES FOR DISCUSSION

	ITEM	ACTION
a)	Spring Statement 2018 The Expert Group agreed that there was no substantial material relevant to small and mid-size quoted companies contained in the chancellor's first Spring Statement.	None.
b)	HM Treasury consultation – Allowing Entrepreneurs' Relief on gains before dilution PF explained that, following the QCA's campaign, the government had decided to change the qualifying rules of Entrepreneurs' Relief to ensure that entrepreneurs are not discouraged from seeking external investment through the dilution of their shareholding. To implement this, PF noted that the consultation had proposed a new facility that allows individuals to elect to be treated as having disposed of and reacquired their shares at the then-market value, and allows	EB to produce first draft response. CA to circulate to Expert Group members. ALL to send their comments to CA .

	<p>individuals to defer the taxation of this gain until an actual disposal of the shares</p> <p>The Expert Group discussed whether or not the proposals put forward were a material improvement on the existing framework. There was a general consensus that, in some ways, the government's proposals could make things more complex.</p> <p>EB offered to produce a first draft response to the consultation.</p>	
c)	<p>HM Treasury consultation – Enterprise Investment Scheme knowledge-intensive fund consultation</p> <p>The Expert Group noted that the government was seeking views on how close the capital gap facing knowledge-intensive companies. It noted potential remedies such as the establishment of an EIS fund structure (which clear limitations) aimed specifically at the knowledge-intensive companies.</p> <p>There was consensus that this consultation was very much relevant to small and mid-size quoted companies and that the Expert Group should submit a response.</p> <p>PA offered to produce a first draft response to the consultation.</p>	<p>PA to produce first draft response.</p> <p>CA to circulate to Expert Group members.</p> <p>ALL to send their comments to CA.</p>
d)	<p>Simplifying the UK corporate tax system</p> <p>The Expert Group briefly exchanged views on areas of corporate tax where the UK should seek to simplify. Areas identified included diverted profits tax, corporate interest restriction and transfer pricing.</p> <p>There was a consensus that it may be useful to form a small group to identify areas of corporate taxation where simplification would be welcomed and beneficial. Some of these points could then potentially be included in the QCA's 2018 Budget Representations (see point (e)).</p> <p>PF suggested a small Working Group to collate and devise ways to simplify the UK corporate tax system. This could include meeting with the corporate tax policy teams at HM Treasury/HMRC/Office for Tax Simplification. PV, DR and DT volunteered to join the Working Group.</p>	<p>CA / PF to establish and finalise Working Group on simplifying the UK corporate tax system.</p> <p>Working Group to meet to discuss ways to simplify the UK corporate tax system for the benefit of small and mid-size quoted companies.</p>
e)	<p>QCA proposals for taxation reform</p> <p>CA explained that the QCA would seek to submit its next round of proposals for taxation reform in September 2018 ahead of the Autumn Budget.</p> <p>The Expert Group agreed that the themes outlined in last year's submission (simplicity, competitive and certainty) should be retained for this year.</p>	<p>CA to send email inviting members of the Expert Group to take part in Working Group for Budget Representations.</p> <p>Those interested in</p>

		participating in the Working Group to respond to CA's email.
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4. COMMUNICATIONS AND FUTURE MEETINGS

	ITEM	ACTION
a)	<p>Policy Update (February 2018)</p> <p>CA highlighted the recently announced changes to AIM Rule 26 and explained its impact on both AIM companies and the QCA at-large. He added that an updated QCA Corporate Governance Code would be published in late April 2018.</p>	None.
b)	<p>Guest invitations to future meetings</p> <p>Expert Group agreed that it would be useful to invite the HM Treasury's corporate tax policy team to a future meeting, although this depended on the progress noted in 3d).</p> <p>Members also suggested Donald Stark (Wyndham North's replacement as Head of Investment Taxation in the Enterprise & Property Tax team at HM Treasury) and Paul Morton, Tax Director at the Office for Tax Simplification.</p>	CA to invite guests to future meetings.

5. NEXT MEETING

Wednesday 4 July 2018, 9.00am – 10.30am (Venue: Crowe Clark Whitehill, St Brides House, 10 Salisbury Square, London, EC4Y 8EH)