

## Minutes of the QCA Tax Expert Group

QUOTED  
COMPANIES  
ALLIANCE

**Held on:** Wednesday 26 September 2018

**Venue:** Crowe UK LLP, St Brides House, 10 Salisbury Square, London, EC4Y 8EH

### **Present:**

Paul Fay (Chair)	Crowe UK LLP	PF
Paul Attridge	Beavis Morgan LLP	PA
Oliver Gutman	Shakespeare Martineau	OG
Catherine Hall	Mazars	CH
Mark Joscelyne	CMS	MJ
Andrew Snowdon	UHY Hacker Young	AS
Peter Vertannes	KPMG LLP	PV
Callum Anderson (minutes)	Quoted Companies Alliance	CA

### **In attendance:**

Donald Stark	HM Treasury	DS
Fiona Bell	RSM	FB
Caroline Harwood	Crowe UK LLP	CH
Dan Sharman	Osborne Clarke LLP	DS

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## **1. WELCOME TO DONALD STARK, HM TREASURY**

PF welcomed DS to the meeting.

DS briefly summarised the HM Treasury enterprise and property tax team's work stream over the last few months, as well as for the months leading up to March 2019 (i.e. when Britain is scheduled to leave the European Union). He explained that most HM Treasury teams are working intensively on Brexit related issues, to ensure that the UK is as prepared as possible regardless of the final negotiated settlement. He added that the Budget should be expected to be held sooner than normal. *The Budget has subsequently been confirmed for Monday 29 October 2018.*

DS noted that the QCA had already submitted its proposals to HM Treasury.

Individual Expert Group members then took turns to summarise key elements of the QCA proposals for taxation reform (which can be accessed in full [here](#)).

- **Levelling the playing field between debt and equity:** There was a robust exchange of views reading the problem that the QCA proposal would solve. In particular, DS questioned whether the imbalanced tax treatment between debt and equity was contributed to depressed productivity and economic performance. Expert Group members emphasised the point that economies whose tax systems favoured debt over equity were generally associated with more unstable financial systems and slower growth, while economies which facilitated more stock market financing had the opposite effect. DS strongly advised the QCA to commission economists to empirically assess and ascertain how creating a level playing field in the tax treatment between debt and equity would boost the UK economy's productivity, and increase employment and wealth.

- **Introducing a Tax Gateway for small and mid-size quoted companies:** DS noted that QCA proposal and pledged to take this back to HM Treasury colleagues.
- **Encouraging employee share ownership:** FB and DS exchanged views on the benefits of employee share ownership. DS noted that it was important to distinguish why EMI had been established in the first place – to eliminate the market failure that smaller companies were unable to recruit and retain staff effectively. EMI therefore gave these companies a method to counter this reality. Nonetheless, DS particularly noted the proposal to increase the CSOP limit from £30,000 (the QCA had proposed raising it to £50,000).

The Expert Group thanked DS for his time. DS left the meeting.

## 2. APOLOGIES

Apologies were received from Tom Gareze, Daniel Hawthorne, Hannah Jones, Emma Locken, Dan Robertson, Anthony Robinson, Matthew Rowbotham, Ray Smith, Douglas Tailby, Vijay Thakrar and Tim Ward.

## 3. MINUTES OF LAST MEETING (25 July 2018)

The minutes were approved.

## 4. ISSUES FOR DISCUSSION

	ITEM	ACTION
a)	<p><b>Resolution Foundation research on Entrepreneurs' Relief</b></p> <p>CA explained that a researcher from the Resolution Foundation – an independent public policy think tank – had published an article criticising Entrepreneurs' Relief's value for money for taxpayers. He noted that the article had found that the government 'spent' money on the relief than on some essential public services.</p> <p>CA asked members whether they were interested in attending a bilateral meeting to exchange views on Entrepreneurs' Relief. PF suggested that Emma Bailey from Fox Williams may be interested in attending such a meeting.</p>	<p><b>CA to liaise with Emma Bailey about a potential bilateral meeting.</b></p>
b)	<p><b>Results of the QCA/YouGov Small and Mid-Cap Sentiment Index</b></p> <p>CA explained that the latest QCA/YouGov Small and Mid-Cap Sentiment Index had been published. He noted that the main message was that although most small and mid-size quoted companies were optimistic about their own prospects, they were somewhat more pessimistic about the UK economy; this was driven by uncertainty around the outcome of the UK's negotiations with the European Union.</p>	<p>None.</p>

c)	<b>Brexit</b>  This was not discussed.	None.
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## 5. COMMUNICATIONS AND FUTURE MEETINGS

	ITEM	ACTION
a)	<b>Policy Update (August 2018)</b>  This was not discussed.	None.
b)	<b>Guest invitations to future meetings</b>  It was suggested that it may be useful to invite a HM Treasury official responsible for corporate taxation in 2019.  Other suggestions included Anneliese Dodds, a shadow Treasury minister, to discuss the Labour Party's approach to taxation.	<b>CA to invite guests for meetings in 2019.</b>

## 6. NEXT MEETING

Wednesday 28 November 2018, 9.00am – 10.30am (Venue: Crowe UK LLP, St Brides House, 10 Salisbury Square, London, EC4Y 8EH).