

Held on: Wednesday 4 February 2015 at 9.00am  
Venue: Deloitte LLP Hill House 1 Little New Street, London EC4A 3TR

<b>Present:</b>	Neil Pamplin (Chair)	Grant Thornton UK LLP	(NP)
	Paul Fay	Crowe Clark Whitehill	(PF)
	Emma Bailey	Fox Williams LLP	(EB)
	Jaspal Pachu	Fox Williams LLP	(JP)
	Michael Bell	Osborne Clarke	(MB)
	Nick Burt	Nabarro LLP	(NB)
	Tim Crosley	Memery Crystal LLP	(TC)
	Tim Davies	Mazars LLP	(TD)
	Catherine Heyes	PKF Littlejohn	(CH)
	Richard Jones	BDO LLP	(RJ)
	Steve Smith	Olswang	(NK)
	Kate Cornelius	PWC	(KC)
	Vijay Thakrar	Deloitte LLP	(VT)
	Emma Tuppen	K & L Gates LLP	(ET)
	Tim Ward	Quoted Companies Alliance	(TW)
	Kate Jalbert	Quoted Companies Alliance	(KJ)
	Maria Gomes (minutes)	Quoted Companies Alliance	(MG)

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**ACTIONS****1. Apologies**

Apologies were received from Samantha Dames, Tom Gareze, Daniel Hawthorne, Natasha Kaye, Angela Savin, Adam Singer, Ray Smith and Amy Underwood.

**2. Minutes of last meeting (22 September 2014)**

The minutes were approved.

**3. Consultation Papers/Announcements**

- **HMRC Consultation on Improving access to Research and Development tax credits for small business**

The Group agreed that the QCA should respond to this consultation, supporting the schemes in place at the moment and making the point that R&D reliefs are very important in order to create the right environment for small and mid-size companies to develop their products and create growth.

The Group agreed that the schemes work well for businesses and that there seems to be a good level of awareness and understanding regarding the reliefs by both intermediaries and companies. Further changes to the R&D reliefs are not necessary.

**MG/ALL**

- **QCA Discussion Lunch with David Gauke MP, Financial Secretary to the Treasury (15 January 2015)**

NP explained that there was a good debate at the QCA Discussion Lunch with David Gauke. The focus of the debate was on the QCA Budget Representations 2015, particularly on our concerns regarding Entrepreneurs' Relief and the imbalance of the tax treatment of raising equity versus

raising debt finance. NP noted that, regarding the latter, this is perceived to be a very sensitive area which requires some caution, particularly given that it is an election year.

TW added that our Budget representations have been well received, and that the point which could have more traction and which we have explained during the Discussion Lunch is that the 5% shareholding requirement on capital gains tax for Entrepreneurs' Relief effectively prevents small public companies from incentivising all employees and influences commercial decisions by limiting those who have it to ensure that any new fundraisings or restructurings do not result them losing this relief.

The Group agreed that it is important to keep consistency and not make material changes to this point in our future Budget Representations.

It was mentioned that the government could be looking at tax deductibility, but in connection with OECD's BEPS (Base Erosion and Profit Shifting).

NP commented that employee share ownership could be encouraged by relaxing some of the CSOP requirements, which was another point made during the Discussion Lunch; he added that for our next Budget Representations, it could be worth exploring ways of bridging the gap between EMI and CSOP.

VT mentioned that another issue we could address in our next Budget Representations could be the current skills gap and how to encourage job creation from a tax incentive perspective.

#### **4. Communications and Future Meetings**

- **2015 Budget Announcement – 18 March 2015**

This was discussed with the point above.

- **HM Treasury/HMRC draft clauses for the Finance Bill 2015 – for information only**

This was not discussed.

- **OTS final report on improving the competitiveness of UK tax administration – for information only**

This was not discussed.

- **Policy Update (December 2014) – for information only**

This was not discussed.

- **Invitations for future meetings**

This was not discussed.

#### **5. Any Other Business**

TC mentioned HMRC's consultation draft legislation and guidance relating to the introduction of a new tax called the Diverted Profits Tax (DPT). The Group commented that perhaps this issue would not be very relevant for the QCA members. TC kindly offered to circulate the Law Society's draft response on this for the Group's consideration.

NP mentioned HMRC's consultation on tax penalties and mentioned that our Share Schemes Expert Group will be drafting a response on this. VT agreed that we should submit a response, as the regime is currently very worrying. He explained that an innocent error can lead to onerous penalties for companies with limited resources.

The Group agreed that we should be encouraging a tax system which is fit for purpose, encouraging compliance and disclosure.

MG/ALL

## 6. Action Points

Action	Person	Timetable
Draft and circulate QCA response to HMRC's Consultation on Improving access to Research and Development tax credits for small business / Comment on the draft response	MG/ALL	ASAP (before RD: 27 February 2015)  [this has now been done]
Circulate The Law Society's response to HMRC's consultation draft legislation and guidance relating to the introduction of a new tax called the Diverted Profits Tax (DPT)	TC	ASAP  [this has now been done]
Circulate QCA response to HMRC's consultation on tax penalties / Comment on the draft response	MG/ ALL	ASAP (before RD: 11 May 2015)

## 7. Next Meeting

09:00 Wednesday 1 April 2015 at Grant Thornton, 30 Finsbury Square, London EC2P 2YU