

held on Thursday 4 July 2013 at 9am
at Grant Thornton, 30 Finsbury Square, London EC2P 2YU

Present:	Neil Pamplin (Chair)	Grant Thornton UK LLP	(NP)
	Paul Fay	Crowe Clark Whitehill	(PF)
	Christopher Connors	Clyde & Co LLP	(CC)
	Tim Crosley	Memery Crystal LLP	(TC)
	Samantha Dames	CMS Cameron McKenna LLP	(SD)
	David Gubbay	Dechert LLP	(DG)
	Joseph Litten	EY LLP	(JL)
	Andrew Prowse	Field Fisher Waterhouse	(AP)
	Vijay Thakrar	Deloitte LLP	(VT)
	Tim Ward	Quoted Companies Alliance	(TW)
	Kate Jalbert (minutes)	Quoted Companies Alliance	(KJ)

ACTIONS

1. Apologies

Apologies were received from Michael Bell, Nick Burt, Jason Collins, Richard Jones, Natasha Kaye and Emma Bailey.

2. Minutes of last meeting (18 April 2013)

The minutes were approved.

3. Consultation Papers

- **Update on the abolition of Stamp Duty on AIM and ISDX shares**

KJ explained that HM Treasury has decided to carry out informal consultations with market participants and has circulated a discussion paper outlining policy options. A key focus is how they define a growth market for smaller company in order to target that relief properly.

KJ explained that one option was to tie the definition of such a market to the concept of SME Growth Markets (which is being debated in the ongoing review of MiFID II in the European Parliament and Council) or to state that shares that are admitted to trading on a RSE but not listed are eligible for the stamp tax relief. The key feedback from expert group members was that there needed to be a clear list of all markets that are eligible (similar to what exists for the inclusion of shares in ISAs).

- **HM Treasury: Feedback Statement on ISA qualifying investments (AIM/ISDX)**

KJ explained that HM Treasury has published its feedback statement on this and that it has laid regulations before Parliament for approval in July 2013. From that point, AIM/ISDX shares will be eligible to put in ISAs. TW noted that the QCA will prepare a press release for circulation on the day that AIM/ISDX shares are eligible for inclusion.

- **QCA Proposals for Taxation Reform: 2014 Budget**

NP noted that the group is going to try to get its Budget submission in ahead of the Autumn Statement (October/November 2013). Therefore, the submission needs to be completed by the end of September 2013.

TW noted that case studies of issues with reliefs or aspects of the tax system that are overly complex or a break on growth are key for our submission. He asked all expert group members to see if they could provide some examples of issues with the 5% shareholding limit on Entrepreneurs' Relief in particular.

ALL MEMBERS

The group then went through the 2013 proposals highlighting areas that need further amendment or clarification:

Appendix A. i – Capital Gains Tax (CGT) Reform of Entrepreneurs' Relief

The expert group agreed that it would be helpful to try to get an understanding of how much this would cost the Exchequer.

There was a great deal of debate surrounding the proposals for removing the 5% requirement and also the introduction of a relief for long-term investors. Some believe that extending the holding period to 3 years is too long for employees/officers. Some suggested introducing a tapering element to the relief. Some noted that we need to consider this proposal and where it would sit in relation to the new Employee Shareholder Status, which is being introduced in the Finance Bill 2013. It was agreed that NP and TW would look at refreshing this section.

TW/NP

It was also agreed that we should make reference to the EMI change last year and welcome it.

Appendix A .iii – Inclusion of investments on exchange regulated markets in ISAs

TW noted that he would like to propose the introduction of a regional ISA or small cap ISA, which would offer retail investors an additional allowance on top of the current £11,520 allowance for participating in these products. TW will draft a new section on this.

TW

Appendix B. i – Tax Relief for costs of raising equity

SD is going to research the claims in paragraph 3 of this section, looking into the tax reliefs for flotation costs in other European jurisdiction. NP will try to find some information about Poland and Greece.

SD/NP

JL suggested putting a cap on the fundraising (ie £500,000), which would not result in a large cost to the Exchequer.

KJ noted that it would be helpful if we could show how much this would cost the Exchequer. NP will ask his capital markets team for a list of capital raisings in the last three years on the market, with total amount raised. Then the cost of the relief could be calculated with an assumption that listing/fundraising costs were 5% of the total fundraising.

NP

Other areas

TW raised that a member raised concern over the £30m EMI limit and asked whether this could be increased. KJ noted that we have raised this point before with HMRC who has no appetite to revisit this again. KJ noted that she will discuss with the Share Schemes Expert Group to see if members there receive requests for clients about this.

KJ

It was agreed to have a completed draft ready for discussion at the September meeting (Note – this will be moved from 12 September, as that is the day of the QCA Annual Dinner).

4. Communications and Future Meetings

- **Updated Terms of Reference**

KJ noted that these have been finalised and circulated to the group.

- **Policy Update (24 June 2013)** – for information only

- **Invites for future meetings**

KJ noted that we still had Nigel Mills MP and Ed Balls MP to invite to a meeting. NP suggested running them like the David Gauke MP lunch and inviting corporate members. **KJ/Chris Stapeley**

Next meeting

4.00pm Monday 16 September 2013 (Grant Thornton) (**changed** from 12 September at 9am)

5. Action Points

Action	Person	Timetable
Provide case studies of issues with tax reliefs and complexities (especially with Entrepreneurs' Relief)	ALL	ASAP (KJ to circulate pro-forma sheets to fill in)
Redraft section of Budget proposals on Entrepreneurs' Relief	NP/TW	ASAP (before September meeting)
Redraft section on ISA investments in Budget proposals	TW	ASAP (before September meeting)
Find out about other European jurisdictions' tax reliefs for raising equity	SD/NP	ASAP (before September meeting)
Create list of all fundraising on the market in the last three years to find out cost of listing costs relied in Budget proposals	NP	ASAP (before September meeting)
Discuss increasing EMI limits with the Share Schemes Expert Group.	KJ	ASAP (before September meeting)