

held on Wednesday 8 October 2013 at 4pm  
at Grant Thornton, 30 Finsbury Square, London EC2P 2YU

<b>Present:</b>	Neil Pamplin (Chair)	Grant Thornton UK LLP	(NP)
	Paul Fay	Crowe Clark Whitehill	(PF)
	Emma Bailey	Fox Williams LLP	(EB)
	Michael Bell	Osborne Clark	(MB)
	Nick Burt	Nabarro LLP	(NB)
	Kate Featherstone	Pinsent Masons LLP	(KF)
	Andrew Prowse	Field Fisher Waterhouse	(AP)
	Tim Ward	Quoted Companies Alliance	(TW)
	Kate Jalbert (minutes)	Quoted Companies Alliance	(KJ)

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

Apologies were received from Christopher Connors, Tim Crosley, Jason Collins, David Gubbay, Richard Jones, Natasha Kaye, Adam Singer and Vijay Thakrar.

**2. Minutes of last meeting (4 July 2013)**

The minutes were approved. KJ noted that she still needed to follow up with the Share Schemes Expert Group on raising EMI limits. **KJ**

**3. Consultation Papers**

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

KJ noted that she had not received any new 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. In particular, she 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 discussed the amended representations. Points raised where:

**Executive Summary**

NP is going to revise this section. PF suggesting highlighting the increasing cost of compliance with tax rules. TW suggested carrying out a quick survey of expert group members to try to quantify the cost. KJ will explore this. **NP/KJ**

PF also suggested adding a line in the Executive Summary welcoming the inclusion of AIM/ISDX shares in ISAs and indicate how this has improved the market. TW noted that UHY Hacker Young has put out some statistics on this, as has the London Stock Exchange.

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

NP explained that the key change here was that the representations now just ask for removal of 5% requirement for Entrepreneurs' Relief, without an extension in the holding period. Expert group members agreed that this was fine.

AP pointed out that Company C on page 10 is not an example that highlights complexity with the 5% shareholding requirement – it is a separate point. AP will draft a paragraph to highlight this particular technical issue and add it to the end of the section. **AP**

MB noted that he will redraft the example for Company A on page 10 to refresh it. **MB**

EB will check whether we should include the point on page 14 about the 5% limit and dilution on the day of sale. KJ will also check with the Share Schemes Expert Group. **KJ**

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

NP will clarify the tax situation for the costs of raising equity in Poland, as the information gathered by him and Samantha Dames differs a little bit. **NP**

NP will also try to estimate the cost of the relief to the Exchequer, based on the research he had done on capital raisings in the last three years on the market, with total amount raised. The cost of the relief could be calculated with an assumption that listing/fundraising costs were 5% of the total fundraising. **NP**

It was agreed that we would highlight ways in which HM Treasury could minimise costs, but not be specific regarding the proposal, ie:

- The relief could be subject to an upper limit
- It could be restricted to small and mid-size companies
- The costs could be written off over a five year period to spread the tax cost.

KJ will redraft the Proposals for reform section based off this discussion **KJ**

#### **APPENDIX C – Creating a simple and reliable tax system**

PF will review this section to see if anything needs to be updated. **PF**

It was agreed to remove point v. Enterprise Investment Scheme and Permanent Establishment.

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

- **Policy Update (16 August 2013)**

TW gave a summary of the key campaigns being carried out by the Quoted Companies Alliance.

- **Invites for future meetings – Catherine McKinnell MP Lunch – 20 November 2013**

KJ explained that there were 15 corporate members due to attend the Catherine McKinnell Lunch on 20 November. She will circulate the invitation to expert group members again. **KJ**

[Note that, since the meeting, this event has now been cancelled due to a Labour Party reshuffle of posts – Catherine McKinnell is no longer Shadow Exchequer Secretary. We are liaising with the new Shadow Exchequer Secretary, Shabana Mahmood MP, to try to set up a similar event.]

#### **Next meeting**

**9:00 Wednesday 22 January 2014** (Grant Thornton) (Thursday 7 November 2013 was cancelled)

## 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)
Revise the executive summary	NP	ASAP
Consider carrying out a survey of expert group members re the costs of compliance regarding tax	KJ	ASAP
Draft new section highlighting the issue noted in the example with Company C on page 10	AP	ASAP
Redraft example of Company A on page 10 to refresh it	MB	ASAP
Check whether we need to include a paragraph on the 5% limit and dilution on the day of sale	EB/KJ	ASAP
Clarify the tax relief for raising equity in Poland	NP	ASAP
Estimate the costs to the Exchequer for our proposals on tax relief for the costs of raising equity	NP	ASAP
Redraft Proposals for Reform section in the Tax Relief for the Costs of Raising Equity section	KJ	ASAP
Review APPENDIX C – Creating a simple and reliable tax system	PF	ASAP