

held on Wednesday 2 April 2014 at 9:00am
at Grant Thornton, 30 Finsbury Square, London EC2P 2YU

Present:	Neil Pamplin (Chair)	Grant Thornton UK LLP	(NP)
	Paul Fay	Crowe Clark Whitehill	(PF)
	Emma Bailey	Fox Williams LLP	(EB)
	Michael Bell	Osborne Clarke	(MB)
	Nick Burt	Nabarro LLP	(NB)
	Angela Savin	Norton Rose Fulbright LLP	(AS)
	Stephen Smith	Olswang	(SS)
	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)

In attendance:

John Whiting	Office of Tax Simplification	(JW)
Gareth Jones	Office of Tax Simplification	(GJ)
Fiona Bell	RM2	(FB)
Barbara Allen	Stephenson Harwood	(BA)
Michael Edwards	PWC	(ME)
Amanda Flint	Grant Thornton UK LLP	(AF)
Caroline Harwood	Burges Salmon	(CH)

ACTIONS

1. Welcome to John Whiting and Gareth Jones, Office of Tax Simplification (OTS), to discuss their Competitiveness Project, Employee Benefits & Expenses project and Partnerships report

NP welcomed JW and GJ and everyone introduced themselves.

JW started his presentation with an overview of the Office of Tax Simplification, their work and completed projects on tax reliefs, small business taxation, pensioners and share schemes.

Regarding share schemes, JW mentioned that the limit for S222 has been extended to 90 days after the end of the tax year, and that the OTS is trying to alter the timing of the charge of a marketable security. JW noted that a charge should not arise unless there is a chance of a security being marketable. The OTS has also been discussing a Safe Harbour Employee Share Trust. FB commented that more people are less likely to avoid taxes if they are given a real option to pay them. JW stated that they are looking for artificial methods of making the shares marketable in everyday terms. A discussion paper on this topic will likely be published in June.

JW continued his presentation explaining the OTS's most recent work on Partnerships, Employee Benefits and Expenses (EBE), and Competitiveness.

Regarding Partnerships, JW explained that the OTS choses to work on areas that offer scope for simplification, and that they believe that a lot of consideration by the Government should be given to partnerships (10% of all businesses are partnerships). For that reason, the OTS is currently focusing on their medium and long term recommendations on partnerships issues. GJ informed the group that they are producing one piece of consolidated guidance on partnerships, which should be published by the end of this year.

JW mentioned that the OTS worked on a report on employee benefits and expenses last year; one of the main issues is the P11D (many times, nil). The OTS believes that there is room for simplification, and that one of the suggestions could be introducing voluntary payrolling. Regarding PAYE settlement agreements, the OTS suggested these to be totally free or not be subject to prior approval. JW reported that the Budget's response was to consult on the proposals to introduce voluntary payrolling, on designing an exemption for reimbursed 'qualifying business expenses', on the effects and mitigation of the £8,500 limit and on the design of a standard amount for trivial benefits. The Budget will also look to improve PAYE settlement agreements and flat rate expenses.

Regarding travel and subsistence, the OTS's proposed to create a new radical system – where reimbursed travel was allowable. In the meantime they are going to retain the current system and address areas of difficulty – i.e. defining one permanent workplace where the employee is based more than anywhere else. GJ agreed to share with the group a 2004 list currently being revised of roughly 280 sundry disallowances, many of which could be abolished.

GJ/MG

Regarding the OTS's proposals for the NICs reform, the Budget announced that there will be a call for evidence on what really is a benefit.

The next big project of the OTS is on UK Competitiveness, following the World Bank 'Paying Taxes' report, with a particular focus on the SME sector. JW kindly asked the group to submit comments to their call for evidence, published with the Budget, on improving the competitiveness of the UK Tax System until the end of June 2014.

MB noted that the effect of the UK's anti-avoidance tax legislation should be considered, especially in terms of tax guidance being kept up-to-date on how HMRC is applying the legislation. PF noted that the debt cap and transfer pricing which are two areas that are a disproportionate burden on mid-size companies and could hurt the UK's competitiveness. VT noted that certainty is the key factor for business and it would be helpful if HMRC could give pre-transaction rulings in particular areas, even if companies had to pay for them. TW mentioned how the 5% shareholding requirement in Entrepreneurs' Relief is a brake on growth for companies and the imbalance of the tax treatment of debt vs equity, especially when compared to other European regimes. VT noted that payments to non-executive directors is another issue, as HMRC has been taking an aggressive approach to having PAYE applied, which is resulting in non-executives putting their fees up.

JW added that they would be happy to meet with the QCA again once we have gathered our thoughts on this. The group agreed to submit a response to this call for evidence.

ALL

NP thanked JW and GJ and they left the meeting.

2. Apologies

Apologies were received from Tim Crosley, Samantha Dames and Andrew Prowse.

3. Minutes of last meeting (22 January 2014)

The minutes were approved.

4. Consultation Papers/Announcements

- **Budget Statement – 19 March 2014**

TW informed the group that the meeting with HMRC prior to the Budget announcement was productive, despite our proposals on the costs of raising equity being tax deductible not being included (mostly because of time and cost constraints). However, this demonstrates that there is the opportunity to discuss our proposals further. For that reason, we should continue the work we have done so far and better structure and specify our proposals (e.g. in terms of complexities of drafting). The group agreed that it would be ideal to have concrete proposals, namely regarding costs involved, drafted over the summer and ahead of the Autumn Statement.

In order to have uniformity of thoughts and work efficiently, KJ suggested drafting and circulating a skeleton of the points raised by HM Treasury regarding a relief on the costs of raising equity, which we would use to focus our work on.

KJ/MG

The group agreed to schedule a meeting in the end of May to analyse these points.

Chris Stapeley

5. Communications and Future Meetings

- **Policy Update (February 2014)**

This is for information only and was not discussed.

- **Invitations for future meetings**

KJ informed the group that Nigel Mills MP will be attending the Tax Expert Group meeting on 3 July 2014.

6. Action Points

Action	Person	Timetable
Drafting and circulating a skeleton of the points raised by HMRC regarding our proposals.	KJ/MG	ASAP
Schedule an extra meeting of the Tax Expert Group for the end of May.	Chris Stapeley	ASAP
Request the 2004 list on sundry disallowances from GJ	MG/GJ	ASAP

7. Next Meeting

9:00 Wednesday 28 May 2014 at Grant Thornton (TBC)

9:00 Thursday 3 July 2014 at Grant Thornton