



The Quoted
Companies Alliance

Press Release

23 June 2010

QCA views Emergency Budget as mixed bag for small and mid-caps

The Quoted Companies Alliance (QCA), the representative body for the UK's small and mid-cap quoted company sector, welcomes a number of the Chancellor's announcements in the Budget. However, there is further scope for encouraging investment in and simplifying the taxation burden for small and mid-cap quoted companies, and the QCA will continue to push for measures to achieve this, such as widening the scope of Venture Capital Trusts (VCTs) and the Enterprise Investment Scheme (EIS) and including AIM shares in ISAs.

The QCA welcomes the planned decrease in Corporation Tax rates and announcements that the Government will be setting out a more detailed programme for reform to the taxation system in the autumn and will be reviewing the regulatory burden in the UK. These measures will help to ensure that the UK remains a competitive place to do business, to simplify the tax system, and also provide the Government with time to consult with industry bodies over tax reform.

While the QCA supports the extension of Entrepreneurs' Relief (10% capital gains tax rate) to the first £5 million of lifetime gains for qualifying disposals, this only applies if strict conditions (e.g. shareholders having at least 5% of voting rights and ordinary share capital) are satisfied. The QCA encourages the Government to look at extending the 10% rate to employee shareholdings by removing the 5% threshold – this would really help to align employee and corporate interests for the benefit of UK plc as a whole and help drive the private sector led recovery.

The QCA wrote to the Chancellor George Osborne on 24 May outlining a series of measures to ease the burden for and stimulate investment in smaller quoted companies. Small and mid-cap quoted companies are a vital sector of the UK economy, employing some 1 million people and contributing significantly to the Government's tax take.

Tim Ward, Chief Executive of The Quoted Companies Alliance, comments: "This Budget gave some clear signals that the current Government intends to make the UK tax system less complex and recognises the need carefully to examine business finance. However, more can be done through current and new incentives to drive investment into the smaller



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quoted company sector, which is a major source of employment and growth for the UK. We shall continue to look for progress on this.

“We were pleased that the Secretary to the Exchequer, David Gauke MP, took the opportunity to meet the QCA before the Budget and listen to our concerns and proposals. The QCA looks forward to the reviews on the tax system and regulation announced in this Budget, and also proposals to widen the scope of the Venture Capital Schemes and the inclusion of AIM shares in ISAs, in due course.”

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Notes to editors:

The Quoted Companies Alliance (QCA) represents the UK's small and mid-cap quoted companies. This sector is defined as those 2,000 companies that are quoted in the UK outside of the FTSE 350. The QCA promotes the interests and views of its members to Government, Europe, regulators and other professional bodies, educates its members on best practices and provides a vital forum for networking. Celebrating 18 years in 2010, the QCA forms its views through highly focused committees and working groups, made up of directors and professional advisors from across the small and mid-cap quoted company sector. For more information, please visit: www.quotedcompaniesalliance.co.uk.

To read the QCA's budget representation letter to the Chancellor, please visit: http://www.quotedcompaniesalliance.co.uk/submissions/2010/QCABudgetRep_GeorgeOsborneMP_May10.pdf