



The Quoted
Companies Alliance

Press Release

24 March 2011

Budget encourages investment in growing companies, says QCA

The Quoted Companies Alliance (QCA), the representative body for the UK's small and mid-cap quoted company sector, welcomes the Chancellor's 'Budget for Growth' and in particular the announcements on the Enterprise Investment Scheme (EIS), Venture Capital Trusts (VCTs) and Entrepreneurs' Relief. These measures will help to drive investment into smaller growing companies, stimulating sustainable employment and economic growth in the UK.

In the Budget, the Chancellor outlined increasing the income tax relief for EIS from 20% to 30% from 6 April 2011 and additional proposals on extending the scope of EIS and VCTs from April 2012, including increasing:

- the size thresholds of qualifying companies from fewer than 50 to 250 employees and the gross assets limit from no more than £7 million to £15 million before investment;
- the annual amount that can be invested in a company from £2 million to £10 million; and
- the annual amount that an individual can invest through EIS from £500,000 to £1 million.

The Budget also announced an increase in the lifetime limit on gains qualifying for Entrepreneurs' Relief from £5 million to £10 million with effect from 6 April 2011.

The Quoted Companies Alliance, along with the London Stock Exchange and other industry bodies, pushed strongly for the extension of EIS and VCTs in its budget proposals, while also proposing significant changes to Entrepreneurs' Relief to rebrand it as 'Stakeholders' Relief' and open the relief up to all that contribute to the long-term success of a business.

Vijay Thakrar, QCA Tax Committee Chairman and Partner at Deloitte LLP, said: "We very much welcome the Chancellor's announcements on venture capital schemes and Entrepreneurs' Relief as they will very much help to stimulate the small and mid-cap sector.



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“The immediate increase in income tax relief for EIS and the proposed extension of EIS and VCTs in 2012 is something that the Quoted Companies Alliance has been lobbying for since the limits were revised downwards several years ago. While doubling the lifetime limits for Entrepreneurs’ Relief is a great step forward, we would have liked to see the Exchequer recognise that business is driven by a variety of individuals by removing the requirement to hold 5% voting rights and ordinary share capital to qualify.”

Tim Ward, Chief Executive of the Quoted Companies Alliance, commented on the Budget: “We were promised that the Budget would focus on growth. It is clear that the Chancellor has delivered this for businesses with the changes to EIS, VCTs and Entrepreneurs’ Relief. These announcements will help create jobs and stimulate growth throughout small and mid-cap quoted companies. However, we will continue to call for more specific and positive initiatives to encourage more long-term investment through public equity markets.”

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Notes to editors:

1. 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 19 years in 2011, 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.theqca.com
2. The Quoted Companies Alliance’s Budget representations are available online at: <http://www.theqca.com/about-us/responses/39201/qca-2011-budget-representations.thtml>