

held on Monday 22 September 2014 at 4:00pm  
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)
	Jaspal Pachu	Fox Williams LLP	(JP)
	Nick Burt	Nabarro LLP	(NB)
	Tim Crosley	Memery Crystal LLP	(TC)
	Anna Burchner	CMS Cameron McKenna LLP	(AB)
	Tim Davies	Mazars LLP	(TD)
	Richard Jones	BDO LLP	(RJ)
	Natasha Kaye	Olswang	(NK)
	Ray Smith	Clyde & Co LLP	(RS)
	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)
<b>In attendance:</b>	Roland Phillips	HM Treasury	(RP)
	Adam Bryson	Grant Thornton UK LLP	(AB)

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**ACTIONS**

**1. Welcome to Roland Phillips, HM Treasury**

NP welcomed RP and everyone introduced themselves.

RP mentioned that the Autumn Statement announcement will be on 3 December and that Government is welcoming submissions before 17 October. RP explained that ministers are hungry for ideas on how to improve financing of SMEs and that for that reason it is important that the QCA presents its proposals. He mentioned that previous campaigns by the QCA had a positive impact such as AIM shares being eligible for ISAs and stamp duty exemption for growth market shares. These measures generated good media coverage and their impact continues to be closely monitored. Other issues that ministers seem keen on are crowdfunding – a consultation about allowing peer-to-peer loans in ISAs will be out soon.

RP mentioned the useful discussions he had with the QCA before the Budget Statement announcement where a possible tax relief for the costs of raising equity was discussed. RP explained that they did not have time to duly analyse the pros and cons such a measure would entail. He mentioned that a more worked up proposal from us, with a description on costs and benefits for real-economy companies would be helpful.

As a general comment for our budget representations, RP explained that the lower the cost, the better, as there is not much room in the budget to work with. Targeted SME tax exemptions should get ministerial enthusiasm and could be quick wins. Ministers are interested in promoting retail particularly in financial markets.

TW mentioned the unique environment created by EIS in encouraging companies to consider equity, and asked RP if they would consider ways to make it more attractive. RP mentioned that such a measure should be explained in simple terms and accompanied by a rigorous costing exercise in order to maximise chances of traction with ministers.

KJ asked whether our proposal for costs of raising equity to be tax deductible was not considered because it was regarded as not having an impact on real-economy companies. RP mentioned that this

was a concern since more than half of smaller companies on AIM are investments companies, which could raise doubts regarding easing the costs of finance for those companies. It would be useful to showcase the types of companies in the real economy that would benefit from such a measure, and also include a breakdown on incidental costs of listing. RP added that the minister who was interested in this measure has left, and therefore more time should be spent developing the policy.

RP mentioned that we should consider in our budget representations, niche measures rather than headline expensive measures. The nature of the pre-election Bill cannot be focused on very controversial measures. RP added that he would be glad to comment on our draft and schedule a meeting with us to discuss it later on. NP mentioned that we would be grateful and agreed to share our representations with RJ.

**NP/MG**

The Group thanked RP and he left the meeting.

## **2. Apologies**

Apologies were received from Michael Bell, Angela Savin, Vijay Thakrar and Amy Underwood.

## **3. Minutes of last meeting (3 July 2014)**

The minutes were approved.

## **4. Consultation Papers/Announcements**

- **2015 QCA Budget Representations**

The Group discussed the proposal for a tax relief for the costs of raising equity, specifically who the measure should apply to and how much it would cost HM Treasury. KJ mentioned that the estimated costs may be more than anticipated if the measure is extended to all companies in all markets including ongoing costs under a proposed 1.5 million threshold. TW mentioned that the estimation is around £60 million per year, and this would be an inexpensive measure which could ease the way SMEs raise money.

TW mentioned that R&D Tax credits should perhaps be more specific. The group mentioned that there could be carve outs between small and large companies, and agreed to further consider this issue.

Regarding our Entrepreneurs Relief proposals, the Group agreed that rollover should be put in the same category as earn out and not dilute the 5% as it is an obstacle to growth. RJ agreed to draft a paragraph on this to include in our Budget Representations.

**RJ**

KJ mentioned that Michael Landon from the Share Schemes Expert Group was drafting a paragraph to include in our share schemes representation. PF volunteered to take a look at Appendix C.

**PF**

The Group agreed that the order of the proposals should stay the same in order to increase chances of success.

The Group agreed that the Budget Representations 2015 should be finalised and circulated for comments by 4 October.

**ALL**

- **R&D Tax Credits**

This was discussed in the point above.

- **UK Small Company Proposals**

This was not discussed.

## 5. Communications and Future Meetings

- **Policy Update (August 2014)**

This is for information only and was not discussed.

- **Invitations for future meetings**

This was not discussed.

## 6. Any Other Business

## 7. Action Points

Action	Person	Timetable
Share Budget Representations with RJ	<b>NP/MG</b>	ASAP (after due in date)
Draft a paragraph on Entrepreneurs Relief for the Budget Representations	<b>RJ</b>	ASAP
Check Appendix C of the Budget Representations	<b>PF</b>	ASAP
Comment on final draft of the Budget Representations	<b>ALL</b>	ASAP

## 8. Next Meeting

09:00 Thursday 6 November 2014 at Grant Thornton, 30 Finsbury Square, London EC2P 2YU