

held on Wednesday 3 July 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) |
| | Mark Brailsford | Osborne Clarke | (MB) |
| | Nick Burt | Nabarro LLP | (NB) |
| | Tim Crosley | Memery Crystal LLP | (TC) |
| | Samantha Dames | CMS Cameron McKenna LLP | (SD) |
| | David Gubbay | Dechert LLP | (DG) |
| | Richard Jones | BDO LLP | (RJ) |
| | Stephen Smith | Olswang | (SS) |
| | Andrew Prowse | Field Fisher Waterhouse | (AP) |
| | Adam Singer | Bird & Bird LLP | (AS) |
| | Tim Ward | Quoted Companies Alliance | (TW) |
| | Kate Jalbert | Quoted Companies Alliance | (KJ) |
| | Maria Gomes (minutes) | Quoted Companies Alliance | (MG) |
| In attendance: | Nigel Mills MP | House of Commons | (NM) |

ACTIONS

1. Welcome to Nigel Mills MP, to discuss the Finance Bill 2014

NP welcomed NM and everyone introduced themselves. NP thanked NM for the opportunity to speak to him and other MPs, and that the QCA is grateful for some important measures that were recently passed, such as the abolition of stamp duty on growth market shares, which are a real benefit to its members.

Regarding the announced Labour's intention to shut down eurobonds and tackle tax avoidance by taxing dormant companies, NM mentioned that he remains sceptical regarding the ability for these measures to achieve their purposes of collecting tax. Furthermore, NM added that he is not sure if the government or the opposition have a coherent tax strategy. In theory, the tax strategy is aimed at creating simplified tax regime, but it is questionable whether this is being achieved. NM mentioned that there is the need to have a sensible tax regime – not a political one. In his opinion, the more the debate is stirred up by the media stories, the worse is the outcome in terms of measures. Furthermore, NM believes that the UK should collect the right tax in the UK's tax space, providing the right profit for the UK and leaving other countries to tackle their own tax avoidance.

TW asked whether there would be a strategy for the QCA in terms of campaigning for tax measures for small and mid-size quoted companies. NM mentioned that measures that do not cost much money and create growth are always welcome (as opposed to other measures which require political traction). NM explained that there is a need to boost equity finance; however, any measure needs to be put forward carefully. NM specified that the right message for a measure would be quantifying the jobs generated and the growth rates envisaged. In his view, it is hard to argue against growth and investment, which instinctively everyone wants. A very sensible approach proposal encouraging the next generation of entrepreneurs would also be very welcome. Regarding the 2015 Budget, NM stated that serious measures are needed and that there could be room for pre-election giveaways.

2. Apologies

Apologies were received from Christopher Connors, Ray Smith, Tim Davies, Vijay Thakar, Amy Underwood and Emma Tuppen.

3. Minutes of last meeting (28 May 2014)

The minutes were approved.

4. Consultation Papers/Announcements

- **2015 QCA Budget Representations**

TC mentioned that it seems odd that the depository interests for non UK companies on AIM issue are not exempt from the stamp duty and volunteered to check if it would be worth exploring this in our Budget representations. Expert group members noted that it was probably not a huge issue for the QCA membership, which is mainly UK companies.

TC

NP explained to the group the work done since our last meeting on updating our 2015 Budget representations. NP and Adam Bryson have looked at the reasons for IPO given by companies in their prospectus. NP mentioned that one of the reasons for listing given by issuers in the prospectus is to repay debt, and that the reason should be access to real growth capital instead. PF, SD and NP had a meeting the previous day and discussed the costs of IPO (excluding brokers' fees), which will be added to the representations. There was also discussion about whether to include a cap or use a size definition to limit/target the measure (ie unlisted companies, including those on AIM, could be eligible). PF noted that the costs of an IPO are around £1m, therefore the cap should be £1m, with the maximum deduction being £200,000. NP noted that they are leaning towards having the deduction apply all up-front, rather than over time. EB queried whether abortive costs could be included – ie what happens when the IPO doesn't happen but a company has fees as a result of getting ready to IPO. The group noted that they would have to come up with a definition about how far along in the process you would have to be to qualify for the relief.

SD noted that they are also refreshing the EU country analysis and adding in some information about Norway.

SD

NP agreed to update the text for the section on the costs of raising equity and to touch base with TD.

NP

RJ agreed to look at the examples in the section on Entrepreneurs' Relief in order to improve them. NP noted that he has an example to share on Entrepreneurs' Relief and will email this through asap.

RJ/NP

MG agreed to follow up with RJ, Tim Davies and Jaspal Pachu regarding the representations on Entrepreneurs' Relief.

MG

- **UK Small Company Proposals**

This was not discussed.

5. Communications and Future Meetings

- **Policy Update (June 2014)**

This is for information only and was not discussed.

- **Invitations for future meetings**

This was not discussed.

6. Any Other Business

TW asked the group to complete wave 12 of the QCA/BDO Index Survey as soon as possible. KJ agreed to recirculate the link to the survey.

KJ

7. Action Points

| Action | Person | Timetable |
|---|------------------------------|---|
| Check if depository interests for non UK companies should be included in Budget Reps | TC | ASAP (before our next meeting 22 September) |
| Research and redraft Budget representations on the costs of raising equity being tax deductible | NP/Adam Bryson/ PF/SD | ASAP (Draft before our next meeting 22 September) |
| Refreshing the EU country analysis and adding information about Norway | SD | ASAP (Draft before our next meeting 22 September) |
| Update the text for the section on the costs of raising equity and to touch base with TD | NP | ASAP (Draft before our next meeting 22 September) |
| Refresh and improve examples in the section on Entrepreneurs' Relief | RJ/NP | ASAP (Draft before our next meeting 22 September) |
| Follow up with TD/RJ/JP re Budget representations on Entrepreneurs' Relief | MG | ASAP (1 st draft before our next meeting 22 September) |
| Recirculate link to QCA/BDO Growth Survey | KJ | ASAP |

8. Next Meeting

16:00 Monday 22 September 2014 at Grant Thornton, 30 Finsbury Square, London EC2P 2YU