



**The Quoted
Companies Alliance**

MINUTES OF THE TAX COMMITTEE

Held on Thursday 9 September 2010 at 9:00am
at Deloitte LLP, 2 New Street Square, London EC4A 3BZ
(with Mike Crabtree, Head of Growth and Investment Branch, Growth
and Enterprise Tax Team, HM Treasury)

Present:	Vijay Thakrar	Deloitte LLP	(VT)
	Tim Crosley	Memery Crystal LLP	(TC)
	Paul Fay	Horwath Clark Whitehill LLP	(PF)
	Neil Pamplin	Grant Thornton	(NP)
	Michael Ridsdale	Wedlake Bell LLP	(MR)
	Tim Ward	QCA	(TW)
	Kate Jalbert (Minutes)	QCA	(KJ)
In Attendance:	Mike Crabtree	HM Treasury	(MC)
	Richard Jones	PKF LLP	(RJ)
	Philip Hare	PricewaterhouseCoopers	(PH)
	Christopher Connor	Charles Russell	(CC)
	Simon Redfern	QCA	(SR)
	Donald Stewart	Faegre & Benson LLP	(DS)
	Ashley Hollinshead	Deloitte LLP	(AH)

ACTIONS

1. Welcome to Mike Crabtree, Head of Growth and Investment Branch, Growth and Enterprise Tax Team, HM Treasury

VT welcomed MC for attending the meeting. MC thanked the Committee for the opportunity to come to the meeting.

MC explained that he looks after EIS, VCTs, Community Investment Tax Relief, Research and Development, and Capital Allowances. The previous Government considered extending some of these schemes; however, the current Government is waiting for the responses to HM Treasury/BIS's paper on 'Financing a private sector recovery' to see how useful people find the schemes.

PH queried what the Government viewed as the purpose of the schemes (EIS and VCT) and that by narrowing the targets of the schemes, the finance gap may be missed. MC noted that there has been evidence presented from the Rowland's Review noting that the finance gap starts at £5m and that hopefully the new Growth Capital Fund will meet that gap.

TW queried the Government's view on allowing VCTs to participate in the secondary market. MC noted that there is not much evidence as to why this may improve the market better than making any other changes to the schemes.

VT queried about the difficulties with raising the limits of the Venture Capital Schemes. MC noted that there is the need most likely to go back to the Commission for State Aid Approval again. However, there are questions about if the limits were increased, whether this would suck funds away from the lower and more risky companies that may need it more. MC noted that it is really helpful to hear from companies who have had funding issues as a result of not qualifying for any of the schemes. VT explained that the QCA may be able to help put companies in contact with Treasury who have difficulties qualifying.

MC then spoke briefly about capital gains tax, explaining that the increase had not been as much as was expected. Committee members raised that the 5% voting share rule is restrictive in Entrepreneurs' Relief and something that would be in the QCA's response to 'Financing a private sector recovery'.

MC also explained that there will be a consultation document out later this year on the Research and Development Tax Relief, Dyson Review, and Taxation of IP. VT thanked MC for attending the meeting and MC left.

2. **Apologies:** Apologies were received from Paul Barnes, Jason Collins and Amanda Solomon.
3. **Minutes of last meeting (7 July 2010):** The minutes of the last meeting were approved.
4. **Green Paper on Business Finance: Report of Working Group Mtg (RD: 20 September 2010)**

Committee members discussed the main issues in terms of tax in the QCA's response, including:

- **EIS/VCT:** Raise the issue of the purpose of the schemes and why the schemes are currently not filling the equity gap; increase the thresholds to meet that purpose (e.g. employee limits); give examples of companies that have had difficulty qualifying for the schemes.
- **Capital Gains Tax:** Discusses entrepreneurs' relief and removing the 5% share holding limit; discuss an incentive for long-term shareholders (e.g. 'Stakeholders' Relief); and also a relief for employees.
- **Quoted Shares into ISAs:** Add in paragraphs from previous Budget Representations.
- **Stamp Duty:** Eliminate Stamp Duty immediately for shares under the FTSE350 and announce intentions to eliminate it for the rest of shares in a phased period.

KJ noted that she would email committee members asking for examples of clients who had difficulty qualifying for one of the Venture Capital Schemes. KJ

5. Budget Representations

VT explained that there would most likely not be a traditional PBR this year and so the Committee could prepare Budget Representations in Jan 2011 in time for the Budget, which will most likely be sometime in March 2011.

6. Communications and Future Meetings

- **Objectives for next 2 years:** This was not discussed.
- **Articles for tax publications/other publications:** Committee members are supportive of producing articles for tax publications to raise the profile of the committee and the QCA.
- **Invites to future meetings:** VT asked KJ about the progress made with inviting David Guake MP to a lunch/dinner for corporate. KJ noted that Hayley Zeff had been in contact with his office and we will report back with a date shortly. **KJ/Hayley Zeff**
- **Venue for Thursday 18 November 2010 meeting:** MR noted that Wedlake Bell LLP is happy to host the next meeting.

7. **Any Other Business:** Nothing to report.

8. **Next Meeting:** 09.00, Thursday 18 November 2010 (Venue: Wedlake Bell LLP)

9. Action Points

Action	Person	Timing
Circulate an email for examples of clients' not qualifying for EIS/VCT	KJ	ASAP (before 20 September)
Set up date for David Guake Event	KJ/Hayley Zeff	ASAP