



The Quoted  
Companies Alliance

## Minutes of the QCA Tax Committee Meeting

held on Thursday 19 April 2012 at 9am  
at Deloitte, 2 New Street Square, London EC4A 3BZ

<b>Present:</b>	Tim Crosley (Chair)	Memery Crystal LLP	(TC)
	Nick Burt	Nabarro LLP	(NB)
	Paul Fay	Crowe Clark Whitehill	(PF)
	Stephen Goldstraw	Manches LLP	(SG)
	Natasha Kaye	Olswang	(NK)
	Lindsey Kutten	PricewaterhouseCoopers	(LK)
	Neil Pamplin	Grant Thornton UK LLP	(NP)
	Amanda Solomon	Charles Russell LLP	(AS)
	Vijay Thakrar	Deloitte	(VT)
	Jennifer Wytcherley	Ernst & Young LLP	(JW)
	Kate Jalbert	QCA	(KJ)
	Jacques Sultan	QCA	(JSs)
	Tim Ward	QCA	(TW)
	<b>In Attendance:</b>	Thomas Byng	Deloitte LLP
Jeremy Sherwood		OTS	(JS)
John Whiting		OTS	(JW)
Cheryl Gayer		(with Tim Crosley)	(CG)
Nicholas Stretch		CMS Cameron McKenna	(NS)
Fiona Bell		Memery Crystal LLP	(FB)
Barbara Allen		Stephenson Harwood	(BA)

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### ACTIONS

#### **1. Welcome to John Whiting and Jeremy Sherwood from the Office of Tax Simplification**

TC introduced JW and JS.

JW started by giving an update on the current tasks of the OTS. JW noted at the OTS was setup to simplify the tax system. Over the first year, the OTS looked at tax reliefs, national insurance and IR 45. Now into the second year, the OTS is concentrating on small businesses, with particular concern on HMRC administration, disincorporation relief (with the consultation out soon) and alternative systems.

JW noted that the next step would be to handle the pension schemes. The OTS will be looking for proper recommendations into ways to simplify PAYE and personal allowance.

The OTS's report on how to simplify approved share schemes was released. TC noted that the next review for unapproved share schemes covers a large scope. TC queried whether the review would cover geared growth schemes, partly paid schemes and disguised remuneration. JW noted that there had been the perception of anti-avoidance with those.

TC queried how the QCA could help the OTS. JW noted that the QCA should feed in views on unapproved share schemes.

VT noted that there is the Government campaign for the Growth Agenda, highlighting the alignment of interests between shareholders and managers. VT noted that the QCA Budget Representations argued that Entrepreneurs' Relief should be applied for all employees instead of those owning 5% and above. VT noted that in order to pay for this, the shares would have to be held for 3 years, instead of the current 12 months.

JW noted that the 5% could be in play, as anything with growth is a hot topic and the Budget introduced Entrepreneurs' Relief for EMI shares.

NS noted that it is difficult to understand what is accepted with unapproved share schemes. SG noted that there is no middle ground as, at present it is either tax advantage or anti-avoidance.

TC welcomed the approach to discuss the share schemes in such a broad manner. TC queried whether the review would include disguised remuneration. There is some difficulty with collecting the evidence regarding disguised remuneration. JS noted that there has some potential with disguised remuneration. The OTS hopes that it will evolve like IR 35. The OTS may look at the impact on share schemes and include it into the next consultation.

PF noted that legislation on transfer pricing and world-wide debt cap would have impact on the mid-cap companies. PF noted that the transfer pricing documents for mid-cap companies are quite complex and unnecessary.

TC queried what the next steps are for the OTS. JW noted that the OTS is creating a list of different topics and take them to ministers.

TW noted that there is the imbalance of tax between debt and equity. TW noted that there should be a balance in the playing field.

There was then a general discussion on the capital allowance provision. The committee suggested it might look into it in the future.

TC thanked JW and JS for attending the meeting. JW and JS then left the meeting.

## **2. Apologies**

Apologies were received from Paul Barnes, Chris Bond, Jason Collins and Michael Ridsdale.

## **3. Minutes of last meeting (12 January 2012)**

- The minutes were approved.

## **4. Recent Events**

- **Budget 2012**
  - Enterprise Management Incentives (EMI) share-option schemes
  - Changes to the Enterprise Investment Scheme and Venture Capital Trusts
  - Further reduction in the rate of Corporation Tax

This was discussed in the discussions with JW and JS.

## **5. Key tax campaign issues / pre-budget report / consultation papers**

- **Budget Representations from other Membership Organisations**

TC noted that he had collected 20 or so other organisations Budget submissions. TC noted that it feels like two steps forward and one step back.

TC noted that the real step forward with EMI is great news, but there is still mileage. TC queried whether the QCA should begin campaigning on Corporation Tax, Patent Box, Income Tax and EIS/VCTs.

TC noted that in the July meeting, there will be discussions on the campaign and the committee's directions for the next 2-3 years. Committee members to give thought on the direction and campaign for discussions in the next meeting.

**TC/ALL**

**6. Any other business**

No AOB

**7. Next meeting**

9.00am Thursday 5 July 2012 Memery Crystal LLP, 44 Southampton Buildings, London WC2A 1AP

**8. Action Points**

Collate Campaign Ideas from committee members	TC/ALL	For the next meeting (5 July 2012)
Collate the Budget Representations from other membership organisations	TC	For the next meeting (5 July 2012)