Further to Mr Eward Davey's letter of December 2010 in response to earlier correspondence regarding integrity in takeover deals I would like to comment on the further broader issues relating to the economic case and the corporate law for takeovers.
At present every takeover of a British company is subsidised from the public purse if the purchaser has a loan from a British bank . This arises since current legislation permits tax relief on the interest on loans so long as the loan is made in Britain.There is no need to subsidise a British company taking over a British company and certainly none for subsidising a foreign one. I therefore propose removal of tax relief on borrowed money for company takeovers for the following reasons;

A) Only the banks and the company leading the takeover benefit ---the tax payers are the losers and existing owners disadvantaged in a hostile bid.

B) Companies should be encouraged to finance their requirements via shares and not loans

C) loans lead to over leveraging contributing to the deep financial malaise.

D) Shareholders are locked out of the opportunity to participate in the opportunities of investing in their own company when favourable .

E) 77% of takeovers are unsuccessful (studies in 2010) but 100% of participating executives are successful pointing to salaries etc being the driver of takeovers which even further reduces the justification for subsidies