

Business Forum on Tax and Competitiveness Meeting Minutes, 8 May 2014

Chairing: Exchequer Secretary to the Treasury, David Gauke MP

Attendees:

Andrew Nelson - Group Finance Director, Amey

Andy Halford - ex-Vodafone CFO

Mark Elborne - President & CEO, GE

Simon Dingemans - CFO, GSK

Simon Henry - CFO, Royal Dutch Shell

HM Treasury:

Dennis Lu

Ian Goode

Mike Williams

John Staples

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Item 1 - Feedback from business on the current economic environment and climate for business investment

The Exchequer Secretary highlighted that there were further positive signs in recent economic data and invited the group to discuss the extent to which increased business confidence was leading to higher investment.

Forum members noted recent surveys showing very positive sentiment among SMEs. The recovery looked broad-based, with a pickup in services and positive signs in manufacturing and exports. Concerns were gradually shifting away from the Eurozone. Members were more concerned about the uncertainty created by political events such as the General Election next year, the Scottish referendum and the potential UK referendum on EU membership.

Item 2 - Base Erosion and Profit Shifting (BEPS) process – and the broader issue of tax and reputation

The Exchequer Secretary gave an update on the BEPS project. The UK is continuing to work collaboratively with G20 and OECD countries to take forward the BEPS Action Plan.

On the whole, members supported the BEPS process and encouraged the Government to continue to be a major influence and drive thinking behind the project. There were concerns about the pace at which the project was being conducted, which presented challenges to business in terms of engaging with the process. Members stressed that

the details of agreement in each area were very important. Equally, the implementation of reforms would be vital – and needed to be consistent across different countries. The fact the G20 countries were involved was a very good thing. Members also highlighted the importance of clarity and transparency and were keen to see the continued extensive engagement by country.

Item 3 - Business ideas for longer-term competitive reforms

As there will be a new Parliament next year, the Exchequer Secretary asked members for their views on priorities for business taxation.

Members noted that reform of the corporate tax system since 2010 had been very positive and had increased the UK's competitive environment. Going forward, members emphasised the importance of stability in the tax system. Members said that personal tax, as well as corporate tax, mattered in terms of international competitiveness, and so the top rate of income tax was very influential. Skilled labour was essential to the recovery and there remained a shortage of engineers and scientists in the UK. The Government should consider the tax treatment of traditional retail businesses vs. that of online businesses. Beyond tax, they asked the Government to focus on SMEs – who are vital parts of the supply chain for large firms - and making access to finance easier.

Item 4 – AOB

Members discussed banking regulation and whether the balance was right between promoting growth and reducing risk in the banking sector.