



HM Treasury

Business Forum on Tax and Competitiveness Meeting Minutes, 21 January 2016

Chairing: Financial Secretary to the Treasury (FST), David Gauke MP

Attendees:

Simon Dingemans, CFO, GSK
Mark Elborn, President & CEO GE UK & Ireland
Nick Read, CFO, Vodafone
Michael Devereux, Director, Oxford University Centre for Business Taxation
Andrew Nelson, CFO, Amey
Simon Henry, CFO, Royal Dutch Shell
Sam King, Group Head of Executive Development, Standard Chartered
Matthew Fell, Chief of Staff, CBI
Julie Brown, CFO, Smith & Nephew
Penny James, Group Chief Risk Officer, Prudential
Brian Jackson, Senior Vice President Group Tax, Burberry
Lesley Greenlees, Head of Tax, Aggreko
John Connors, Group Head of Tax, Vodafone

HMT/HMRC attendees:

Mike Williams
Jim Harra

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

The Financial Secretary highlighted that there have been some significant policy developments since the General Election. At the Summer Budget, the government announced it will cut corporation tax to 18% by 2020. To encourage business investment, the government has increased the permanent level of the Annual Investment Allowance to £200,000, its highest ever permanent level. The government also committed to publish a Business Tax Roadmap by April 2016, setting out its plans on business taxes over the rest of the Parliament. This will give businesses the certainty they need to plan long-term investment.

The Financial Secretary invited the group to discuss the state of the global economy and the investment climate. Forum members noted that the falling oil prices have caused issues for supply chains which put pressure on investment. The slowing of the Chinese economy and the fragile recovery in Europe were also cause for concern. The US

economy was doing well. The UK remained a very attractive place for investment due to its stability. The outlook for the UK economy varies across different sectors.

Item 2 – Business Tax Roadmap

At Summer Budget 2015, the government committed to publish a Business Tax Roadmap by April 2016. The government wants to use the Roadmap to make further progress in delivering a more competitive, simpler and fairer tax regime. The Financial Secretary invited the group to discuss business priorities for the Roadmap.

Members discussed their priorities in this year's Roadmap compared to the 2010 Roadmap. Currently, UK has a very competitive tax regime. Members were concerned that the progress made in recent years was not unwound. The government's response to BEPS project is most important to them. Members noted that employment costs had risen due to new policy announcements regarding the National Living Wage and the Apprenticeship Levy.

Item 3 - Base Erosion and Profit Shifting (BEPS)

There was general support of the BEPS project, with agreement that multilateral action was better than unilateral action. Members agreed that the UK had done well to shape the debate at the OECD. Members were also concerned that increased availability of data as a result of country-by-country reporting may not necessarily lead to better decisions or actions by HMRC.

Members urged the government to ensure the implementation of the BEPS outputs in the UK was consistent with that in countries. Dispute resolution and interest deductibility were the two key issues for business. The government should ensure all countries move in parallel.

Members saw the tax treatment of interest as an important element of the UK tax regime, and as a factor in the UK's competitiveness and attractiveness. They said the UK needed to balance its leadership role in the BEPS project with maintaining its competitive position. If any new rules were introduced, they should replace the Worldwide Debt Cap (WWDC).