



**The Quoted
Companies Alliance**

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Darling off Aim

After three and a half months of limbo, Alistair Darling has finally announced his plans for capital gains tax reform (CGT) today, to the disappointment of quoted companies.

Darling made the u-turn at the Commons today, introducing 'Entrepreneurs' relief', which means some capital gains will receive a 10 per cent tax rate.

John Pierce, chief executive at the Quoted Companies Alliance, said: "The concession will cost the Treasury £200m a year, yet its impact will be small comfort to quoted companies on AIM and PLUS."

The relief will only be available to company employees, directors and officers and those with a material stake of more than 5 per cent of the shares (and voting rights) in the company.

Moreover, the 10 per cent rate applies for the first one million pounds of *lifetime* capital gains. This means retail investors who do not own more than 5 per cent of a company's share capital are excluded and owners bringing companies to market face the new higher rate of 18 per cent for selling their company for more than one million pounds.

Pierce added: "This is unfortunate given the reduction in the effectiveness of other investor reliefs such as EIS and VCT, with the introduction of an employee test and investment cap in the 2007 budget and the lowering of the EIS gross assets test in 2006.

“Today’s announcement has done nothing to restore the sense of support for investment in growing businesses that was there before the change to CGT was unveiled in October, particularly the taper relief which encouraged longer term investment.

“Hopefully the treasury will learn from this, that when considering future changes a full consultation process will take place before any announcement is made.”

Ends

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Notes to editors

1. The Quoted Companies Alliance (QCA) is the only organisation dedicated solely to fighting for the interests of small and mid-cap companies in one of the most important sectors of the UK economy - the thousands of companies outside the FTSE 350 on the Main Market, including those companies on AIM and the PLUS markets. Its members also include companies seeking admission to a UK equity market, either the Main Market (ex FTSE 350), AIM or the PLUS markets. The QCA promotes the interests and views of its members to Government, Europe, regulators and other professional bodies, educates its members on best practices and provides a vital forum for networking. The QCA forms its views through highly focused committees and working groups comprising senior representatives from across the smaller quoted companies sector.
2. The QCA is committed to the continuance of vibrant quoted company markets and believes that the sector has a vital part to play in determining the future health of the UK economy.

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