

18 June 2008

Rt Hon Jane Kennedy MP
Financial Secretary
HM Treasury
1 Horse Guards Road
London SW1A 2HQ

Dear Jane,

Business/Government Forum on Tax and Globalisation: Foreign Profits Taxation

I thought that the first meeting of the Forum was constructive and forward looking and set the right tone for a productive dialogue between business and the government.

Following this meeting I thought it would be helpful to relay some of the key messages I have picked up subsequently on Foreign Profits.

At the Forum we agreed that there would be significant benefit in an immediate statement of intent issued by the Government to end the present public uncertainty about the current thinking and intentions on Foreign Profits taxation. Messages I have picked up over the last week or so confirm that this feeling persists and reinforces our belief that such a statement would help to allay concerns.

Specifically, members have told us that they would welcome a decoupling of the dividend exemption proposals from the difficulties relating to other parts of the original package. This would avoid delaying the whole package and would mean that we could make real progress on this issue which is of the most pressing concern for business. Detailed proposals on the dividend exemption should be published for consultation before the summer recess in order to drive forward towards the hoped for target date of 2009 for legislation on this issue.

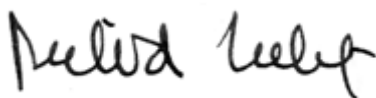
I think it would be helpful if the minutes reflect this sentiment. Not least because, although it has been made clear that the Forum is not intended to be a substitute for formal consultation, the perception has arisen in some quarters that in practice the Forum has held up the consultation process. I think that the actions that I have set out would go a long way to addressing this concern.

We realise that until there has been full public consultation no final decisions will be made but we are most anxious to achieve real progress on substance.

Please do not hesitate to come back to me if there is any further help I can provide at this stage.

I look forward to hearing from you.

Yours sincerely,



Richard Lambert
Director-General

