Introduction

The Exchequer Secretary observed the ongoing fiscal challenges the Government faces. He noted that the Finance Bill draft legislation was published in December, and that the Government is currently preparing for the March Budget.

Item 1 - General tax update and CFCs

The Exchequer Secretary recognised that the reforms that the Government is making to CFCs have been widely welcomed, but noted the concerns of business regarding how policy is translated into legislation.

He stated that officials are working to ensure the final legislation is both workable and achieves its intended objectives.

Forum members felt it was important to ensure that the final legislation reflects the principle of the consultation document.
The Exchequer Secretary reassured members that officials were working to address businesses’ comments and ensure that the legislation works as intended.

**Item 2 – CBI paper on tax and British business**

John Cridland spoke through the work the CBI is doing on the tax contribution of business and the importance of a competitive tax system, and said that the CBI would shortly be producing a paper on these issues.

The Exchequer Secretary welcomed CBI and wider business engagement with this debate.

Forum members supported the work done by the CBI and spoke about the importance of using this work to inform public debate on this subject.

**Item 3 – GAAR**

The Exchequer Secretary noted that since the last meeting of the Forum, Graham Aaronson has published his report on a GAAR. He stated that officials are currently in discussion with businesses and professional bodies on the potential implications of the proposals, and the Government will respond to the report at Budget.

Forum members felt that Graham Aaronson’s proposals were not unreasonable, but expressed concern at the potential uncertainty created by the introduction of a GAAR. In the case that the Government decides to pursue this policy, it was suggested that, as proposed in the report, the GAAR should be reviewed after 5 years.

**Item 4 – Devolution**

The Exchequer Secretary noted that tax devolution is rising up the agenda as an important tax issue – referring to the Scotland Bill, consultation on corporation tax devolution to Northern Ireland and the Silk Commission in Wales.

Forum members felt that there were significant benefits to a unitary tax system, including administrative benefits for businesses operating across the UK. It was noted that, in general, businesses that operate wholly in Northern Ireland have expressed more support for devolution than businesses elsewhere in the UK.

**Conclusions**

The Exchequer Secretary asked Forum members what they would like to cover at future Forum meetings. Forum members suggested considering wider issues affecting ‘competitiveness’, including infrastructure, remuneration and also youth unemployment, though it was recognised that discussion should be focused on how these issues link to tax policy.