

press release



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## **HIGHER CGT A TAX ON ASPIRATION, SAYS TMA (UK)**

Britain's turnaround and recovery management professionals are backing calls for tapered relief to be introduced on Capital Gains Tax.

TMA (UK) fears that Government plans to raise CGT from 18% to rates "close to those applied to income", announced in the Queen's Speech, would deter private equity firms from investing in businesses in turnaround and force distressed companies into insolvency rather than recovery.

TMA President Bryan Green, CEO of Gordon Brothers Europe, said private equity was a vital element in many successful turnarounds, especially as business lending by the banks had still not returned to anywhere near its normal levels.

"The proposed rise will stifle growth and is in the view of many of our members view a tax on aspiration," said Mr Green. "Punitive CGT would be a powerful deterrent for anyone considering investing in a distressed company and would make it even more difficult for our members to finance turnarounds.

"Public spending cuts and tax increases may be the immediate route out of the country's debt crisis, but economic growth is the only long-term remedy. Surely that obliges the Government to help rather than hinder those who are involved in preserving Britain's business base?"

"Tapered relief has been proposed as one way of cushioning the impact of increased rates of CGT, and if that means that private equity investment in turnarounds will still be a worthwhile proposition, then TMA (UK) supports it."

And he warned that higher CGT could even drive many private equity firms out of Britain altogether.

"A lot of private equity firms are being approached by other jurisdictions – Switzerland, to name but one – to move their domicile to countries where tax rates are below 10%," he said.

### **Further information:**

Bryan Green, President TMA (UK) – 0207 290 7020 – [b.green@gordonbrotherseurope.com](mailto:b.green@gordonbrotherseurope.com)

Issued by Kickstart PR: Ted Bruning – 0844 80 40 550 – [ted@kickstartpr.com](mailto:ted@kickstartpr.com)

[www.tma-uk.org](http://www.tma-uk.org) - TMA (UK) creating value through knowledge, networking & innovation

Turnaround Management Association (UK), 3<sup>rd</sup> Floor, Millennium Bridge House, Lambeth Hill, London EC4 4AJ

Tel: 0844 804 0116

## continuation sheet

### **Notes to Editors:**

TMA (UK) represents all professionals involved in turnaround, recovery, reconstruction, refinance and change management. Uniquely, TMA (UK) membership embraces professionals from a variety of backgrounds including accountancy, law, banking, insolvency practice, Credit Insurers, Employee representatives, Valuers and change management. TMA (UK) has 13 regions, and members network extensively at both national and regional level, building up essential contacts among different disciplines.