

APPOINTMENTS IN CONFIDENCE



Am. M. H. T.

Treasury Chambers, Parliament Street, SW1P 3AG
01-233 3000

*Contact with
the names at*

18 June 1980

x ?

Tim Lankester Esq
No. 10 Downing Street

Yes not.

R.

Dear Tim,

COMMITTEE ON ENFORCEMENT POWERS

20/6

You will remember that the Chancellor referred in his Budget Speech to the Government's intention to establish a Committee of Enquiry into the enforcement powers of the Revenue Departments.

Since then we have, as you know, been endeavouring to find a suitable Chairman for the enquiry and to identify appropriate supporting members. Lord Keith of Kinkel, a Law Lord and Privy Counsellor, has agreed to chair the Committee of Enquiry.

The Chancellor has decided that it would be appropriate for the Committee to have four other members. In considering who else should be invited to serve, the Chancellor has been guided by the need to ensure that the Committee's composition provides for working knowledge of, on the one hand, the administration of the tax system and, on the other, criticisms made of the tax system. We have deliberately avoided drawing up the composition of the Committee on a representational basis.

Subject to the views of the Prime Minister and Lord Keith, who the Chancellor is to see soon to discuss the work and composition of the Committee, the Chancellor would like to invite the following to serve on the Committee: Mr John Avery Jones, a lawyer; Mr Ernest Symons, formerly of the Inland Revenue; Mr Brian Crack, an accountant and specialist on smaller businesses; and, finally, Lord Allen, formerly of the NEDC. I should say that the Chancellor is particularly concerned that the Committee should be seen to be balanced in political terms and wishes to invite Lord Allen for this reason, as well as for his own merits.

I should be grateful if you would indicate whether the Prime Minister is content for the Chancellor to issue an invitation to those mentioned.

Yours,

Richard.

R I TOLKIEN
18 June 1980

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MMSD

Home Affairs
✓ MMSD



Treasury Chambers, Parliament Street, SW1P 3AG
01-233 3000

11th April 1980

I.H. Maxwell Esq.
Private Secretary to The Lord Chancellor

Dear Ian,

ENFORCEMENT POWERS OF THE REVENUE DEPARTMENTS

Following the Lord Chancellor's letter of 13 March, the Chancellor has been giving further thought to the question of finding a suitable Chairman for the enquiry into the enforcement powers of the Revenue Departments.

The Chancellor takes the view that the work of the Committee will be of the utmost sensitivity, given the need on the one hand to ensure that the Revenue Departments have adequate powers to enforce the law, and on the other hand the need to protect the rights of the citizen, and that it will therefore be necessary to ensure that the Chairman of the Committee commands the widest public confidence. Against this background he would strongly prefer a serving High Court Judge as opposed to a retired Judge or a Senior Silk. This is not, of course, to bring into question in any way the competence of the candidates which the Lord Chancellor put forward in his letters of 11 February and 17 March.

The Chancellor has discussed this matter with the Prime Minister and she agrees that it is important to have a Chairman who commands the widest public confidence.

The Chancellor would be quite prepared to visit the Lord Chancellor to discuss this matter and, if it were thought appropriate, to have an initial discussion with Sir Wilfrid Bourne.

I am copying this letter to Tim Lankester at No. 10.

Yours sincerely,

Richard Tolkien

R.I. TOLKIEN

None Affair

NAL FINANCE

Interest Rate

itchell asked the Chan-
chequer what was the real
in 1979; and how this
the rate each year from

To calculate the real
loans and securities of
maturity requires com-
al rate of interest on
curities with the infla-
ns of lenders and bor-
ame period. Since in-
tations cannot be
tes of interest cannot
lated. It is, however,
ate figures that might
al short term interest
ay, recent inflationary
roxy for current short-
expectations. Such a
ever, certainly not be
ating long term real

table shows notional
interest rates calculated
by comparing, for
actual average rate of
three months over the
his—at an annual rate
e month interest rates
arter. Annual figures
etric averages of the
Insufficient informa-
spect of years before
e noted that similar
be done using other
ary expectations. The
d on the purpose to
e being put.

OF INTEREST 1955-79

Quarterly	Percentage Annual average
N/A	
1.7	
-7.1	N/A
-1.1	
-0.7	
6.3	0
-1.6	
-3.8	
14.1	
0.6	1.6
-6.9	
-0.1	

	Quarterly	Percentage Annual average
1958—1st quarter ...	6.0	3.9
2nd quarter ...	1.3	
3rd quarter ...	6.2	
4th quarter ...	2.3	
1959—1st quarter ...	5.9	3.9
2nd quarter ...	-5.6	
3rd quarter ...	13.4	
4th quarter ...	2.9	
1960—1st quarter ...	8.1	3.7
2nd quarter ...	-1.3	
3rd quarter ...	6.8	
4th quarter ...	1.3	
1961—1st quarter ...	3.6	3.6
2nd quarter ...	5.7	
3rd quarter ...	-9.0	
4th quarter ...	15.7	
1962—1st quarter ...	-0.9	1.2
2nd quarter ...	3.5	
3rd quarter ...	4.6	
4th quarter ...	0.4	
1963—1st quarter ...	3.7	1.2
2nd quarter ...	1.7	
3rd quarter ...	-1.3	
4th quarter ...	0.8	
1964—1st quarter ...	7.4	0.5
2nd quarter ...	-2.6	
3rd quarter ...	-3.2	
4th quarter ...	0.7	
1965—1st quarter ...	7.8	2.8
2nd quarter ...	4.5	
3rd quarter ...	-4.6	
4th quarter ...	3.9	
1966—1st quarter ...	4.0	3.8
2nd quarter ...	2.1	
3rd quarter ...	-1.6	
4th quarter ...	10.9	
1967—1st quarter ...	4.5	2.1
2nd quarter ...	1.8	
3rd quarter ...	-0.9	
4th quarter ...	3.1	
1968—1st quarter ...	11.2	5.0
2nd quarter ...	4.7	
3rd quarter ...	-2.1	
4th quarter ...	6.6	
1969—1st quarter ...	6.7	4.5
2nd quarter ...	6.7	
3rd quarter ...	4.4	
4th quarter ...	0.4	
1970—1st quarter ...	4.0	-1.0
2nd quarter ...	-0.1	
3rd quarter ...	-1.3	
4th quarter ...	-6.5	
1971—1st quarter ...	3.7	-5.0
2nd quarter ...	-5.2	
3rd quarter ...	-10.6	
4th quarter ...	-7.3	
1972—1st quarter ...	5.6	-2.8
2nd quarter ...	-3.5	
3rd quarter ...	-9.4	
4th quarter ...	-3.3	
1973—1st quarter ...	12.9	3.1
2nd quarter ...	9.8	
3rd quarter ...	-5.8	
4th quarter ...	-3.3	

	Quarterly	Percentage Annual average
1974—1st quarter ...	8.0	-7.0
2nd quarter ...	-1.2	
3rd quarter ...	-21.7	
4th quarter ...	-10.5	
1975—1st quarter ...	-17.5	-10.1
2nd quarter ...	-10.2	
3rd quarter ...	-10.7	
4th quarter ...	-1.2	
1976—1st quarter ...	0	-0.2
2nd quarter ...	-3.6	
3rd quarter ...	+1.4	
4th quarter ...	+1.6	
1977—1st quarter ...	-2.0	-2.1
2nd quarter ...	-1.0	
3rd quarter ...	-7.4	
4th quarter ...	+2.2	
1978—1st quarter ...	-10.1	-1.3
2nd quarter ...	+2.9	
3rd quarter ...	-2.4	
4th quarter ...	+5.0	
1979—1st quarter ...	+3.3	-3.9*
2nd quarter ...	-6.4	
3rd quarter ...	-3.9*	

* Estimate.

Notes:
(1) Quarterly real interest rates, r , have been calculated on the formula:
 $r = (1+p)(q1/q2)^4 - 1$
where:

p = 3 month interest rate (average over the quarter). For 1968 and succeeding years the 3 month inter-bank rate has been used; prior to 1968 the commercial bill rate has been used; the figures for 1955-62 have been derived on a slightly different basis from those for 1962-68.
 q = The GDP(E)—total home costs—deflator, expressed in index number form and seasonally adjusted. (See for example, Economic Trends, Annual Supplement, 1980, p. 5). q^1 and q^2 are the GDP(E) deflator for each quarter and the previous quarter respectively.

(2) Annual average real interest rates, R , have been calculated on the formula:
 $R = [(r^1+1)(r^2+1)(r^3+1)(r^4+1)]^{1/4} - 1$
where $r^1, 2, 3, 4$ are the real interest rates for each quarter.

Inland Revenue and Customs and Excise (Powers of Inspection)

Mrs. Fenner asked the Chancellor of the Exchequer if he has completed his review of the powers of the inspectorate within the Inland Revenue and Her Majesty's Customs and Excise; and if he will make a statement.

Mr. Peter Rees: The Government will be setting up an independent committee to review the enforcement powers of the Inland Revenue and the Customs and Excise. The committee will be asked to weigh the need to ensure compliance with

the law against the need to avoid excessive burdens on taxpayers. The precise terms of reference, the name of the chairman and members, and arrangements for submitting evidence will be announced later.

Information Officers

Mr. Freud asked the Chancellor of the Exchequer if he will publish in the *Official Report* the number and the average cost of information officers employed by his Department at the beginning of each of the last four years.

Mr. Peter Rees: I shall let the hon. Member have a reply as soon as possible.

Tax Allowances

Mr. Rooker asked the Chancellor of the Exchequer (1) if he has received any pre-Budget submissions which advocate an increase in personal taxation by not raising the allowances in line with inflation;

(2) if he will update the answer given to the hon. Member for Birmingham, Perry Barr, *Official Report*, 28 January, columns 511-12, in respect of personal tax allowances based on the February retail price index and incorporate any rounding needed for the operation of the PAYE scheme.

Mr. Peter Rees: I shall let the hon. Member have a reply as soon as possible.

Value Added Tax

Mr. Dobson asked the Chancellor of the Exchequer which registered charities pay value added tax on membership subscriptions.

Mr. Peter Rees: I shall let the hon. Member have a reply as soon as possible.

Mr. Joel Barnett asked the Chancellor of the Exchequer what is the estimated total debt owing to Her Majesty's Customs and Excise, at the latest date for which information is available, by those who are registered for value added tax; how many months' payments this represents; and if he will provide the same information in respect of the position 12 months earlier.

Sir Geoffrey Howe [pursuant to his reply, 27 February 1980]: VAT outstanding on unpaid returns and assessments at 31 October 1979 was about £1,750 million, of which about £800

million became due only on 31 October. The remaining £950 million represented about 20 days' payments at the average rate during the fourth quarter of 1979, the full £1,750 million about 36 days. The tax outstanding at 31 October 1978 was about £580 million of which £335 million became due on 31 October. At the then current VAT rates of 8 and 12½ per cent. the remaining £245 million represented 10 days' payments and the full £580 million 23 days. Although information for a later date is not complete, there are indications that the average number of days VAT payments are in arrears has been reduced since the end of October.

Stock Relief

Mr. Meacher asked the Chancellor of the Exchequer what has been the value of stock relief each year since 1974, in terms, respectively, of reducing corporation tax and tax on self-employment income, both at current prices and at 1980 prices.

Mr. Peter Rees: I shall let the hon. Member have a reply as soon as possible.

Family Income

Sir Brandon Rhys Williams asked the Chancellor of the Exchequer if he will publish figures comparing the net weekly incomes of single non-householders, single householders, single wage married couples, two wage married couples, single wage married couples with two children aged 8 and 12 years, two wage married couples with two children aged 8 and 12 years, single wage married couples with four children aged 6, 8, 12 and 14 years and two wage married couples with four children aged 6, 8, 12 and 14 years, earning 50 per cent., 75 per cent. and 100 per cent. of average male annual earnings, assuming: existing child allowances and child benefits and that single person's tax allowance, married person's tax allowance and wife's earned income allowance were abolished in favour of a uniform tax allowance at £700 per annum and an untaxed householder credit of £4 per week and child benefits at children's supplementary benefit levels.

Mr. Biffen [pursuant to his reply, 27 February 1980]: On the assumptions stated, and giving an allowance of £1,400 to a married couple whether the wife is working or not, the figures are as shown in the following table.

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DSC
Home Affairs

23 June 1980

COMMITTEE ON ENFORCEMENT POWERS

The Prime Minister has read your letter of 18 June and is content with the names the Chancellor proposes for the Committee on Enforcement Powers.

T. P. LANKESTER

Richard Tolkien, Esq.,
H.M. Treasury.

KRP