

AM

Prime Minister

THE TAXATION ON CARS AND PETROL AS BENEFITS IN KIND

1. Herewith:
  - (a) Lombard column from today's Financial Times
  - (b) Terence Lancaster column from today's Daily Mirror.
2. This is rumbling on and will continue to do so until a further Treasury Statement can be issued. Angus Maude telephoned this morning to say that the sooner this can be done, the better. I agree with this advice.
3. As you know, Peter Rees is really responsible for this, but he does not come back to the Treasury until Wednesday morning. You will be seeing Geoffrey Howe on Thursday. Angus thinks that we must get another Treasury Statement out on Thursday at the latest.
4. I have sent copies of the attached articles to Geoffrey Howe, Nigel Lawson and Peter Rees.

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Ian Gow MP  
Parliamentary Private Secretary

24.8.79

cc Angus Maude

# Item removed for reason of intellectual property

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## Cuttings from *Observer, Daily Mirror,* *Financial Times* August 1979

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### Summary

Sent MT to Ian Gow, 24 Aug.

- *Observer* (n.d.) "How not to hit perks" (first leader). Inland Revenue proposals on company cars would hit those earning less than £8,500 who got least from budget cuts, lower and middle management. Would increase already complex system. Way forward is to reduce the effective tax rate and remove exemptions. MT not keen on removing exemptions.
- *Daily Mirror* (24 Aug): "Thatcher drives a hard bargain" (Terence Lancaster column). Inland Revenue proposals on company cars causing "horror in every golf club in the

Home Counties", and some further north. Denis Thatcher owns a Rolls-Royce. Most company car drivers voted Conservative at General Election, Lancaster assumes. This then a "Tory betrayal" of its own.

- *Financial Times* (24 Aug): "Basil and the perks crisis" (Lombard column) Anxious spoof letter about Inland Revenue proposal from fictional company-owning nephew Basil to his tax-exile uncle Tom, who writes back from company yacht off Cannes. Gist = proposals would increase costs to companies and drive some overseas.