



PRINCIPAL PRIVATE SECRETARY

CC PS/Chief Secretary  
 PS/Minister of State (C)  
 PS/Minister of State (L)  
 Sir D Wass  
 Mr Ryrie  
 Mr Burns  
 Mr Middleton  
 Mr Unwin  
 Mr P V Dixon  
 Mr Battishill  
 Mr Corlett

Mr R G Ward

Mr Pickering  
 Mr Ridley  
 Mr Cropper  
 Mr Cardona

Sir L Airey- Inland Revenue

Sir D Lovelock - Customs and  
 Excise

#### BUDGET SUMMARY

The Financial Secretary has seen the updated version of the Budget Packages attached to Mr Pickering's minute of 25 February.

He has three observations to make:

- i. In the light of the income tax decision, he thinks another look should be taken at CTT. In the circumstances, he feels we should not increase the thresholds (item i on page 4), nor should the thresholds be indexed (item iii) on the same page). This is at the very least: there may be other items it would be unwise to do this year, too.

27 FEB 1981

ii. He notes that page 3 includes, at item v, the taxation of unemployment benefit. He takes it that inclusion here does not imply reversal of the previous conclusion not to score this as a Budget measure.

iii. The full year yield for Supplementary Petroleum Duty of £245 million (item ii on page 3) looks to him surprisingly - not to say disappointingly - low.

- Mr. G. West
- Mr. Pye
- Mr. Hilderton
- Mr. Dixon
- Mr. Holliday
- Mr. Gordon
- Mr. Gaskell
- Mr. Draper
- Mr. Anderson

*Dear Sir*

SAL

DEATH GRANT

Thank you for your letter of 27  
Jan. which I've enclosed please

S A J LOCKE the death  
26 February 1981

The idea of a substantial increase in the Death Grant offered by taxing it is an interesting one. But to do this would be very expensive indeed. Raising the Death Grant to £300 would cost more than £150m (and there would be a further cost if it were extended to those who now receive the grant at a reduced rate - the very elderly and children) while the revenue from capital transfer tax would amount to only about £2.5m. This is because out of about 800,000 grants given annually only about 17,000 would be taxable.

We are very aware that the present arrangements for payment of the Death Grant leave a great deal to be desired. You will no doubt have seen the paper that Lynda Chalker gave to Government backbenchers some time ago (if not I am sure she has supply you with a copy) and I feel one of the alternative approaches suggested in that paper is probably the right way forward.

*[Handwritten signature]*

DESTROY 1986

*1/10*