



10 DOWNING STREET

THE PRIME MINISTER

7 October 1983

Dear Sir Terence,

You wrote to me recently on the subject of unitary taxation.

I am deeply concerned about its imposition by certain states in the USA. It is contrary to internationally accepted methods of taxation. It involves heavy compliance costs. It undermines double tax relief and its use in the USA could encourage other countries to follow suit.

As you know, I wrote to President Reagan at the end of August, expressing my personal concern, emphasising the widespread opposition in the UK to unitary taxation and urging him to take action to outlaw the tax. I contacted the President again on 19 September, requesting as a first step that the US Administration should file an amicus curiae brief in the Container Corporation case.

As you are no doubt aware, the President has decided neither to take this action, nor sponsor or support legislation prohibiting unitary taxation. Instead, a working group consisting of representatives from business and the federal and state governments is to be set up to explore the states' use of the worldwide method of unitary taxation.

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When I saw the President and Treasury Secretary Regan last week, I raised the question of the amicus brief again. It was explained that the decision not to file a brief had been taken after the President had been advised that there was little chance of the Container Corporation case being reheard. However, I received assurances that the task of the working group is a matter of primary importance and that it would be reporting within the next few months. It is hoped that prompt action will then be taken to resolve the problem.

I am pleased to see that the business community is playing such an active part in the campaign against unitary tax. Although the recent visit to Washington by leading industrialists failed to alter the President's decision, it was useful as a forceful expression of feeling on this question in this country.

Yours sincerely
Raymond Beckett

Sir Terence Beckett CBE.