

M/8/5

2 MARSHAM STREET LONDON SWIP 3EB

My ref: H/PSU/14030/81

Your ref:

\S May 1981

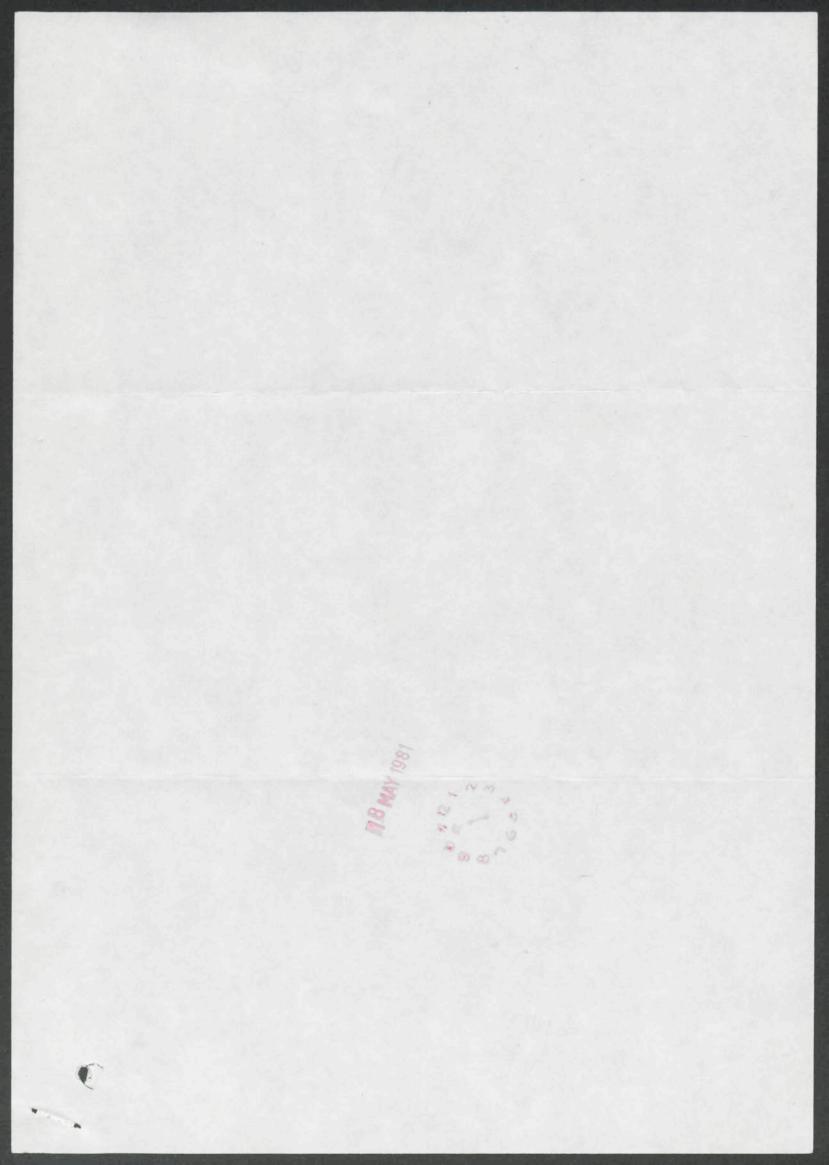
In Confing

Thank you for your further letter of 29 April about your proposal for a study of the private rented sector.

I appreciate that the Revenue are carrying out a separate review of capital allowances, and I am glad that this will enable us to consider the principle of extending capital allowances to dwellings for private renting later this year. I agree that an early start should be made on the subsidy proposal. Robin Ibbs and Keith Joseph have suggested that CPRS and David Young should also be involved, and I would welcome this. I hope that an immediate start can now be made on this important work.

I am copying this letter to the recipients of yours.

MICHAEL HESELTINE





DEPARTMENT OF THE ENVIRONMENT 2 MARSHAM STREET SW1P 3EB



With the Compliments of the Secretary of State for the Environment

RESTRICTED Treasury Chambers, Parliament Street, SWIP 3AG 01-233 3000 29 April 1981 The Rt. Hon. Michael Heseltine, MP., Secretary of State for the Environment Will souther of reductors PRIVATE RENTED SECTOR for a study of the private rented sector. I appreciate your reasons for pressing ahead with your view of the situation I am quite content that officials should separately study the questions of tax relief and subsidies. will contact yours when the work gets under way.

House

Thank you for your letter of 10 April concerning my proposal

proposals for changes in landlord and tenant law; and in

Because of developments in the corporation tax review, it would avoid duplication if the work were to be handled a little differently from the way you envisage. It is now proposed that the Inland Revenue will begin their study of capital allowances as soon as Finance Bill commitments have been met. The aim is to publish a Green Paper over the winter. This timetable should allow us to form a view on the principle of extending capital allowances to dwellings for private renting later this year. Inland Revenue officials

The remaining item for consideration is a subsidy for private landlords. I understand that your officials have already sent details of your proposals to mine. Although decisions will inevitably be linked to those in the tax field, there would be advantage in officials considering the idea together as soon as possible. This should not require more than a meeting or two. The Treasury will be following up your Department's approach shortly.

I am sending copies of this letter to the Prime Minister, members of MISC 14, the Secretary of State for Employment, the Lord Chancellor, Sir Robert Armstrong and Robin Ibbs (CPRS).

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