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I am inclined  
not to advance the  
date. The question is  
only one of timing not  
title and I do not think  
the gains are sufficient to  
warrant the  
move.



Treasury Chambers, Parliament Street, SW1P 3AG  
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Prime Minister

Advancing the date to 1 Feb  
seems to be a high risk  
high reward policy.

Do you wish that to happen?

Would you like a quick  
meeting on Monday to discuss?

MCS 15/1

PRIME MINISTER

MINERS' PAY

\* it is the  
course favoured  
by the Policy Unit.  
MCS

There is a tax point which needs to be urgently considered  
in the context of our discussions on miners' pay. It  
concerns the availability of tax refunds to miners in the  
event of a strike.

2. In the present position, if the miners strike next  
month, they will be eligible for tax refunds weekly (assuming  
always that the payroll operators continue to work and are  
not themselves on strike). The level of refunds can vary,  
but on the assumption of average wages and regular working  
in the previous part of the tax year a married man would  
receive a refund of around £12.40 a week and a single man  
around £8.00. These refunds would continue weekly, as long  
as the strike lasted, up to the end of the tax year on  
5 April 1982.

3. On present intentions, the position will change from  
6 April next. The Inland Revenue are due very shortly to  
lay Negative Resolution Regulations which will have the  
effect of causing the employer to withhold tax refunds from  
strikers until a dispute is over. If a strike began during  
the next tax year, therefore, refunds would not be paid during  
the course of it. (Equally, if a strike began in this tax  
year but continued into next, no refunds would be payable  
from the start of the new tax year.)





4. The Government's decision to take this step has been presented in the context of the taxation of benefits paid to the unemployed. People claiming benefit while unemployed are to have their tax refunds withheld as part of the mechanics of taxing the benefit. The same mechanical argument does not in fact apply in the case of strikers, but we have said simply that we would not regard it as fair for strikers to be treated better (in relation to their tax refunds) than the majority of the unemployed.

Possible change

5. We could, I believe, advance the date for the strikers' measure to (say, for the purpose of argument) 1 February - though I am having the precise legal position checked. The April 6 starting date is well known and there would inevitably be considerable publicity given to a change of starting date. The effect of such a move would be to halt refunds during a strike until it was over - (even if it were prolonged into the next tax year). We should have to publicise the measure on strikers to let any employers affected know where they could get instructions about the procedures involved. There would not be a case for similar treatment of unemployment benefit claimants (indeed there would be major, probably insuperable, operational difficulties in arranging it).

6. The main considerations look to me to be -

a. A minority of strikers will get social security benefit and (for a technical reason) their financial position is not affected by the withholding of refunds. For the majority, however, we should be removing this financial support. (In the relatively closely-knit communities in which miners live, however, this will probably have rather less effect than it would do elsewhere.)



S E C R E T



b. We shall have a major row in the House and no doubt outside it. When the relevant main legislation was debated in the Finance Bill it was attacked both in substance and on the fact that the detailed procedures were going to be in Negative Resolution subordinate legislation. If we were now to advance the start date to February, we would be taking the necessary powers without allowing the normal forty days to elapse between the laying of the Regulations and their operation.

c. Obviously a point to consider is whether such a move, if it was made before a strike, would be regarded by the miners as provocative and so increase the chances of a strike. And if it were made after the strike had begun, would it strengthen or weaken the miners' resolve?

7. We would also have to bear in mind the possibility of criticism from our own supporters when these regulations were laid (as they will have to be in February if we are to meet the 6 April introduction date) that we had "missed the boat."

8. These are difficult questions which you will want to consider. The Regulations were due to be laid on or before next Tuesday (19th), but I will hold them up until we have come to a decision.

9. I am copying this to the Home Secretary, the Lord President of the Council, the Secretaries of State for Social Services, Employment and Energy, Sir Robert Armstrong and Robin Ibbs.

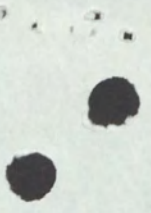
*Jim Rutter*

PP (G.H.)

15 January 1982

*Approved by the Chancellor  
and signed in his absence*





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