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Treasury Chambers, Parliament Street, SW1P 3AG
01-233 3000

2 March 1984

Andrew Turnbull Esq
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Dear Andrew,

CONSUMER CREDIT DUTY

In your letter of 23 February about the Prime Minister's talk with the Chancellor about his proposals for the taxation of savings and investment you mentioned that he had said that he was thinking further about the proposal to introduce a credit licence duty.

I ought now to let you know that it was agreed, at a meeting of Ministers and officials on 28 February, that the proposal should be dropped from this year's Budget. The cumulative effect on the financial sector of the capital allowance measures, the composite rate, the LAPR change, the building society gilts decision, and the imposition of the duty from 1985-86 would be substantial, and the duty was clearly the marginal item. The issue was further discussed with the Governor on 29 February: he accepted the decision to shelve the proposed measure for the present.

Yours ever,
John Kerr

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