

16 May 1985

PRIME MINISTERTHE INLAND REVENUE AND THE KEITH REPORT

David Hobson tells me the Keith recommendations on income tax contain some political difficulties. Tight time limits for the submission of returns and accounts; powers of entry to business premises, with random checks; tightening of the net on casual employees; and publications of the names in civil fraud cases, are amongst some of the more contentious items.

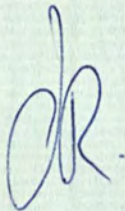
It was intended to set these out in a White Paper issued well before the next Budget, prior to their enactment in the 1986 Finance Bill.

It would be a good idea to discuss with Nigel how this can be handled sensitively. Many of our supporters feel that the Inland Revenue already have strong powers; are slow to make repayments of tax owing to the taxpayer, but all too quick to levy tax due; the current system of interest charges is asymmetrical between tax owed and tax due; and that the Inland Revenue already pry too much.

Treasury  
are  
preparing  
a note on  
symmetry.



It would be pity to run into undue flak in 1986 by seeming to buttress the powers of the Reveneue. It might be better to do nothing if we can't come up with something helpful.

A handwritten signature in blue ink, consisting of stylized initials 'JR'.

JOHN REDWOOD