



Inland Revenue

Policy Division  
Somerset House

*cc B*  
*cc JR*  
*cc* Attached to Treasury letter  
*cc* re late payment of tax  
AT

7 June 1985

MISS O'MARA  
CHANCELLOR'S OFFICE

KEITH REPORT IMPLEMENTATION

I attach as requested the brief note for the Prime Minister on the Keith proposals affecting the Inland Revenue.

*J O'Hare*

J O'HARE

## KEITH REPORT PROPOSALS AFFECTING INLAND REVENUE

1. The broad aims of the 172 recommendations are
  - i. to make more explicit the scope of the Revenue powers, thereby giving the taxpayer greater certainty about his rights and obligations,
  - ii. to reduce the scope for administrative discretion; and
  - iii. to provide better safeguards for the taxpayer.

### Taxpayers' safeguards

2. The major benefit for the individual taxpayer lies in enhanced rights of appeal - to the independent Commissioners and the Courts - against assessments, penalties etc.

### Obligations

3. Keith proposes that it should be made much clearer to taxpayers what they are required to tell the Revenue

about their income, when they are required to do it and what records they should keep. In some cases this may involve some tightening up of the present rules eg, there is a requirement, which does not exist at present, on businesses to keep adequate records.

In other cases, the rules are relaxed - eg the time which the ordinary person has to send in his return is extended from one month to six months.

#### Penalties

5. The proposals will result in the simplification and rationalisation of the system of tax penalties. Some penalties will increase; others will be reduced.

#### Overall balance

6. Keith intended that his recommendations should provide a balanced package of measures - in particular he was keen to ensure that, wherever he proposed increased powers for the Revenue, there should be appropriate and matching means of redress for the taxpayer.

7. Most outside commentators consider that the Committee has generally succeeded in achieving this.

do Judge

pt 14.

Ad  
B 10/6.