

NBPM AF 12/1

PRIME MINISTER

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INLAND REVENUE PRACTICES

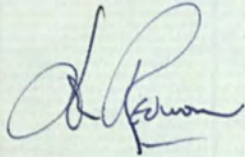
The Inland Revenue are still busily upsetting people. The latest group to be worried are working women who have access to crêche facilities at their place of work. Whilst this is a taxable benefit for anyone earning more than £8,500 a year, on a strict interpretation of the law, the Inland Revenue has not usually levied tax on this benefit. (Today Programme, Monday 8 July)

People naturally dislike a system where for years they receive a benefit and the Revenue do not tax it, and then suddenly decide on a stricter interpretation of the law and levy a tax on it. It has happened in many companies with car parking spaces, lunches and other perks. Yet it remains irregular. If I work as an Oxford don, my meals are free and untaxed. If I work as a banker, my free lunches are taxed!

Wouldn't it be a good idea to have a meeting with the Chancellor and the Financial Secretary to encourage them to get more grip over the workings of the Inland Revenue? Don't taxpayers have a right to know in advance what is and is not taxable? And should the Revenue be left with so much discretion as to which part of the law they enforce, when, and on whom?



During the discussion of the Keith proposals on income tax, these matters could be tidied up in time for next year's Finance Bill, so that one way or another people could be quite clear as to which perks were taxable and which were not, and the Revenue's discretion substantially reduced.

A handwritten signature in blue ink, appearing to read 'John Redwood', written in a cursive style.

JOHN REDWOOD