



Amint...

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

31st December 1980

T.P. Lankester Esq.
10 Downing Street
LONDON
SW1

*You have agreed
that an improved
scheme should
be investigated
and that an
announcement*

cc Mr Lyban

*After meeting? Plans should be
stamped. The
five clear points being made. The
min. in is not attached anyway
keep charge of Pq seems ok.*

Dear Tim,

TAX AND HOUSING: ADMINISTRATION OF MORTGAGE INTEREST RELIEF

Content >

In your note of 4 December 1980 you conveyed the Prime Minister's approval of the Chancellor's proposal to examine a scheme of 'mortgage interest relief' at source' and to make an announcement to that effect.

TL

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An arranged question and answer would be an appropriate method and I attach a draft. As you will see it makes it very clear that there is no intention of restricting the amount of the relief; and that decisions on whether to introduce a new scheme or not are reserved. If the Prime Minister is content with it the Chancellor is minded to have the question answered as soon as is convenient so that the Revenue can open the discussions.

31/12

I am sending a copy of this letter to David Edmonds (Department of the Environment).

yours

John

A.J. WIGGINS
Private Secretary

DRAFT OF ARRANGED QUESTION AND ANSWER

QUESTION: To ask Mr Chancellor of the Exchequer, whether he is satisfied with the present administrative arrangement for giving effect to relief for mortgage interest through the PAYE system.

ANSWER: I can well understand my hon. Friend's concern. The present procedures are administratively cumbersome and impose a high staff cost on the Inland Revenue. There are especial difficulties for taxpayers and for the Revenue when the rate of interest changes. I am therefore asking the Inland Revenue to study, together with the major lending bodies, how the arrangements for giving relief might be altered so as to make them more efficient. Considerations arising from the Option Mortgage Scheme will be taken into account in this study, so far as relevant.

I should make it clear that the purpose of the study is to explore the possibilities and that no decisions will be reached until it has been completed. I should also emphasise that it will be concerned with the mechanisms for giving the relief, and that it is not the Government's intention to restrict the amount of relief to which taxpayers are entitled.

31 DEC 1980





10 DOWNING STREET

From the Private Secretary

2 January, 1987

Tax and Housing: Administration of
Mortgage Interest Relief

The Prime Minister has read your letter of 31 December and is content with the proposed arranged Question and Answer. But she has asked that the press briefing should make it absolutely clear that the quantum of mortgage relief is not going to be changed.

I am sending a copy of this letter to David Edmonds (Department of the Environment).

I. P. LANKESTER

John Wiggins, Esq.,
HM Treasury.

JW



10 DOWNING STREET

PRIME MINISTER

You agreed last week that the Chancellor could go ahead with an arranged PQ about a possible scheme for "mortgage interest relief at source".

Mr. Heseltine has, somewhat belatedly, argued that any such announcement would be premature. He believes that there are a number of obvious disadvantages to any such scheme, and that an announcement now would merely raise expectations which might not be fulfilled. I understand that he would prefer a quick study of the main issues between the Treasury, the Inland Revenue, and DOE before the Chancellor commits himself to a Parliamentary Answer. He is in discussion with the Treasury now.

Handwritten initials and signature

6 January 1981