

GRS 225

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FM UKREP BRUSSELS
TO IMMEDIATE FCO
TELNO 4234
OF 041720Z DECEMBER 85

FRAME ECONOMIC

VAT SMALL TRADER EXEMPTION.

LUXEMBOURG TELNO 509.

1. AT THE EUROPEAN COUNCIL DELORS GAVE AN UNDERTAKING TO THE PRIME MINISTER TO RECOMMEND A HIGHER VAT THRESHOLD TO THE COUNCIL. (PARAGRAPH 10 OF TUR). WE SHALL BE TRYING TO BUILD ON THIS WITH THE DELORS AND COCKFIELD CABINETS TO SECURE THE BEST POSSIBLE PROPOSAL FROM THE COMMISSION ON THE VAT TREATMENT OF SMALL TRADERS.

2. BUT I AM CONVINCED THAT WE NEED NOW TO BEGIN A COORDINATED LOBBYING EXERCISE IN CAPITALS TO EXPLAIN TO OTHER GOVERNMENTS THE REASONS WHICH HAVE LED US TO PRESS FOR A MUCH MORE LIBERAL REGIME FOR THE SMALL TRADER EXEMPTION THAN APPLIES AT THE MOMENT. IT WILL NOT BE EASY TO GET SUPPORT FOR OUR VIEWS AT MINISTERIAL LEVEL UNLESS THE GROUND HAS BEEN PROPERLY PREPARED.

3. I SUGGEST THEREFORE THAT POSTS BE INSTRUCTED NOW TO LOBBY IN CAPITALS, IN PREPARATION FOR AN APPROACH AT MINISTERIAL LEVEL VERY EARLY IN THE NEW YEAR.

HANNAY
FRAME ECONOMIC
ECD(i)

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