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Rt Hon John Moore Esq MP
Financial Secretary
HM Treasury
Parliament Street
LONDON SW1

27 January 1986

Dear Minister

NBP

BILATERAL ON DEREGULATION

We are meeting to discuss deregulation in both Inland Revenue and Customs and Excise on 29 January I thought it might be helpful if I indicated some of the subjects which I would like to cover at that meeting.

My main purpose is to discuss the issues to be covered in your MISC 121 papers, which will form the basis of your contribution to the forthcoming White Paper. The recent outline of the White Paper, agreed at MISC 121, indicates that each Department will review the implementation of deregulation within the Department, the progress on "Lifting the Burden" and new proposals which can be included or opened up for review.

I am sure you will have your own targets for deregulation in mind, even though Budget secrecy may prevent you exploring them at present, but you might find it helpful to see the ... attached issues which we have identified as possibilities. I would like to discuss these at the meeting. You may also be able to identify ways of lifting the burden on employers which are the responsibility of other Departments but which you believe are important.

I look forward to seeing you on 29 January.

Yours sincerely

Susan Chappell

for

KENNETH CLARKE
(Approved by the Minister and
signed in his absence)

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New proposals or reviews for White Paper

1. Customs and Excise

- (i) VAT penalties and surcharges - extend time period for payment and make surcharges discretionary.
- (ii) VAT treatment of motoring expenses - (as in consultation document) - consider collecting VAT element with Inland Revenue tax assessment or apportion scale benefits.
- (iii) Freeports - remove VAT from transactions within freeports.
- (iv) Consider a system of monthly "budget payments" for VAT.
- (v) Eliminate VAT on credit transactions between registered traders.
- (vi) Consider reducing the number of retail schemes.
- (vii) Consult on cash basis for VAT as an option for traders.

2. Inland Revenue

- (i) P11D - simplify definition of the threshold
 - allow dispensations for entertaining expenses
 - any alternative to P11D?

- (ii) 714 certificate - simplify application procedure and speed up bureaucracy.
- (iii) Extend simplified PAYE system used for domestic servants to employers with less than five employees.
- (iv) Merge Inland Revenue PAYE and DHSS National Insurance audit inspectorates.

3. Both Departments

- (i) Treatment of appeals - wide coverage of an independent appeals procedure [On VAT, Tribunal appeals should proceed even if arrears of VAT are outstanding and if hardship is involved].
- (ii) Limits should be placed on the reconsideration of tax cases especially where approval of one official has been given to a particular set of accounts or way of proceeding eg in VAT control visits.
- (iii) Review the length of periods for record keeping.
- (iv) Training and enforcement - a case study?