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Treasury Chambers, Parliament Street, SW1P 3AG
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14 May 1986

John Turner Esq
Private Secretary to the
Secretary of State for Employment
Caxton House
Tothill Street
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NBP

Dear John

DEREGULATION WHITE PAPER

The Chancellor held a meeting this morning to discuss the outstanding unresolved issues for the White Paper. Your Secretary of State was present, with the Paymaster General; as was the Secretary of State for Trade and Industry, with Mr Howard; together with the Financial Secretary. Also present were Mr Wilson (head of the Government Accountancy Service), Mr Warry (No 10 Policy Unit) and Mr Brownlee (Deregulation Unit).

Accounting and Audit Requirements

It was agreed that the statutory audit requirement should remain for all companies, but to look at ways of reducing the administrative burden of the requirements on smaller companies. The White Paper should include a passage on these lines, and should go on to mention the discussions the Inland Revenue were already holding on disincorporation.

VAT Penalties

Ministers very briefly discussed the choice between options A, B and C for the form of words on VAT penalties. It was agreed that we should try for something between options B and C. Option B as it stood had the wrong flavour - it suggested that there was something wrong with the balanced package that had only been introduced after full consultation. All it should suggest is that of course the Government was willing to review the way the new rules worked out in practice.



Next Steps

Your Secretary of State undertook to circulate revised draft passages for the White Paper on both these subjects. The drafts should go to the Financial Secretary, Treasury and to Mr Howard, DTI. They would need to be cleared during the course of today.

I am copying this letter to David Norgrove (No 10) and to John Mogg (DTI).

Yours ever

Tony

A W KUCZYS
Private Secretary

