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cc/B

Treasury Chambers, Parliament Street, SW1P 3AG

The Rt Hon Nicholas Ridley AMICE MP
 Secretary of State for the Environment
 Department of the Environment
 2 Marsham Street
 London
 SW1P 3EB

Dear Nick,

4th March 1988

THE COMMUNITY CHARGE: MEMBERS OF RELIGIOUS ORDERS

I have seen a copy of your letter of 7th March to the Prime Minister setting out your proposals for the exemption of members of religious Orders from the Community Charge. ^{WITH PM?}

The definition you propose for individuals is comprehensive and I am pleased that it should exempt only members of bona fide religious Orders. But I cannot support your proposal to exempt from the Community Charge members of religious Orders who work in the community and have an income. As you recognise, this would be a concession beyond the position reached at E(LF) last month.

I believe that it would be a damaging concession. If we allow members of religious Orders who have an income to be exempt from the Community Charge, we will be creating a new class of salaried employees as exempt persons. Many will be working in schools and hospitals alongside secular colleagues who might have identical income yet be required to pay a full Community Charge. That would lead to invidious comparisons and make it much more difficult to defend the line on politically sensitive cases like student nurses. We must avoid such anomalies if possible.

But I wonder whether your proposed concession is even necessary for the reasons of legality you cite in your minute. The Inland Revenue have advised me that members could agree with their orders to change their covenants. The Order would then receive the income remaining after the member had paid their Community Charge. The form of words would have to be acceptable for the covenant to be valid; but this is something on which a competent solicitor could advise.

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Our agreement to make exempt wholly maintained members clearly eased the burden on religious Orders. They will no longer pay domestic rates and most of their members will not have to pay a Community Charge. Where a member has an income there is no greater burden on the Order, if the member pays the Community Charge out of that income, than there is on any secular household.

We drew the line on exemptions in a sensible place at E(LF); and there is no new argument for extending it into a salaried class. Our objective in making a concession to religious Orders was fulfilled without extending it in the way you now propose. I therefore hope that you will reconsider this proposal.

I am copying this letter to members of E(LF) and Sir Robin Butler.

John Major
John

JOHN MAJOR

