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FROM: A C S ALLAN
DATE: 21 September 1988

MR O T MORGAN INLAND REVENUE

cc PS/Chief Secretary
PS/Financial Secretary
Sir P Middleton
Mr Anson
Mr Scholar
Mr Culpin
Mr H Phillips
Mr A J C Edwards
Mr Potter
Mr Fellgett
Mr Tyrie
PS/IR
Mr Painter IR
Mr Pitts IR
Mr Fallows IR

RATING REVALUATION: PRELIMINARY RESULTS OF EXERCISE: TRANSITIONAL ARRANGEMENTS

The Chancellor was grateful for your minute of 16 September. He would be grateful for more information about the heavy losers referred to in the last two indents of your paragraph 4.4 (i.e. those losing by at least 100 per cent). What sort of firms are they? And where? In addition, he would find it helpful to have a breakdown of the shops who lose, distinguishing between chain stores and independent shops.

ACSA
A C S ALLAN

Maria
Please make
sure the
Commission
my
signature



Ch

I have ministered out your request for more information about losses from rating revaluation.

But my calculations below do not look v comforting. It looks as if larger firms gain & small firms lose - and very small firms lose lots.

Thurs.
Very awkward
Andrew - why
this so re
cards?

Page



FROM: A C S ALLAN

DATE: 22 September 1988

MR O T MORGAN - INLAND REVENUE

- cc PS/Chief Secretary
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- Mr Scholar
- Mr Culpin
- Mr H Phillips
- Mr A Edwards
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- Mr Fellgett
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RATING REVALUATION: PRELIMINARY RESULTS OF EXERCISE: TRANSITIONAL ARRANGEMENTS

..... Further to my minute yesterday, the Chancellor saw the attached calculations of the average size (in terms of 1973 rateable values) of gainers and losers before transition. This seems to show that larger firms gain, smaller firms lose and very small firms lose a lot. The Chancellor thought this was potentially very awkward and wondered why this should be the case.

ACSA

A C S ALLAN

TABLE 3

GAINERS AND LOSERS FROM THE REFORMS (BEFORE TRANSITION)

COUNTRY= ENGLAND		1973 ADJUSTED RATEABLE VALUE				1990-91 UNREFORMED RATES BURDEN	CHANGE IN RATES BURDEN	
		NUMBER OF PROPERTIES	(A)	(B)	(C)	(D)	(E)	(F)
		(000)						
EFFECT OF REFORMS ON RATES BILLS								
REDUCTIONS (%)	AT LEAST 50%	971	61	3131	81	9661	-5831	-601
	AT LEAST 25% BUT LESS THAN 50%	2641	171	7651	191	2,2281	-7991	-361
	AT LEAST 5% BUT LESS THAN 25%	2551	161	8281	211	2,2561	-3351	-151
	LESS THAN 5%	611	41	2391	61	6471	-161	-31
NO GAIN/NO LOSS	NO GAIN/NO LOSS	41	01		01	11		01
INCREASES (%)	LESS THAN 5%	611	41	2421	61	5781	141	31
	AT LEAST 5 % BUT LESS THAN 25%	2161	141	6231	161	1,4571	1971	141
	AT LEAST 25 % BUT LESS THAN 50%	2181	141	4941	121	1,0991	4141	381
	AT LEAST 50 % BUT LESS THAN 100%	2091	131	3131	81	7471	5281	711
	AT LEAST 100 % BUT LESS THAN 300%	1791	111	1611	41	3521	5041	1431
	AT LEAST 300 % BUT LESS THAN 500%	221	11	81	01	151	591	3911
	AT LEAST 500%	21	01	11	01	21	151	5871
EFFECT OF REFORMS SUMMARY								
REDUCTIONS (%)		6791	431	2,1461	541	6,0991	-1,7351	-281
NO GAIN/NO LOSS		41	01		01	11		01
INCREASES (%)		9111	571	1,8451	461	4,2531	1,7351	411

Average size
1973 r.v.'s
(£) (*)

3200

2900

3250

3900

-

4000

2900

2300

1500

900

350

-

3160

2025

(* ie (A)/(B))

SECRET