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TOP ON T/S

7.2.84

SECRET

NOTE FOR RECORD

Copies to: The Governor)
Mr Walker)personally
Mr Dawkins)

At Middleton's meeting last night, Airey (accompanied by Pollard) brought us up to date on his discussions with Lloyd's. At the last meeting, Miller had done most of the talking, Ray now apparently letting himself fade into the background. Miller had apparently spent about half-an-hour talking about the much better way they were going to handle things in future. This cut no ice with the Revenue, because, as Airey said, everything was predicated on the basis that things would be right in the future; the only question was how to tackle the past.

On this a new and more promising plan has emerged from the Revenue and been put to Miller. The idea is that provisions would be made in the Finance Act simply to empower the names of any syndicate, if they wished, to nominate their agent to act on their behalf for the specific purpose of clearing up their tax due on "reinsurance". This is more permissive than earlier ideas. Any syndicates which did not wish so to empower their agents would not have to do so; it would presumably be less objectionable to those who might object to more mandatory arrangements but by the same token, of course, might do much less to reduce the burdens of investigations the Revenue will ultimately have to carry out. Airey stressed that it was at this stage still an idea of officials; Ministers had not yet been consulted and there might be insuperable difficulties in drafting a clause that covered just what was wanted.

However, Miller had gone away to think about the idea, but Airey had stressed to him that there was not much time left if a clause was to be put into the Finance Bill. In any case, the revenue would be vulnerable to criticism if they delayed much further in starting their investigations. Therefore they are going to send out an initial questionnaire letter to all 400 agents next Friday. They thought that this might help to concentrate minds.

Miller is due to come back to Airey on Friday week, and we shall have another meeting in Middleton's room early in the following week.

Cwm

7th February 1984