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Amarty, advice from RTA on
6/3. Jo BF to MEA on 6/3



FROM: FINANCIAL SECRETARY
DATE: 1 March 1985

PRIME MINISTER

CAPITAL TAX RELIEFS FOR HERITAGE PROPERTY - PROPOSED TRANSFER OF RESPONSIBILITY FROM TREASURY TO INLAND REVENUE

This minute seeks your agreement to the transfer of a set of functions from the Treasury to the Inland Revenue. If we go ahead with this change, legislation will be required. This can be accommodated in the Finance Bill.

2. There are a variety of reliefs from CTT (and in some cases CGT), which are designed to encourage the preservation for the public benefit and enjoyment of objects and property of national, artistic, historic or scientific interest; and their retention as far as possible in private hands, or, failing that, their disposal to appropriate bodies, such as public galleries or the National Trust. Administration of these reliefs, as of the capital tax system in general, is a matter primarily for the Board of the Inland Revenue.

3. However the Treasury has statutory responsibilities for assessing the suitability of property for relief and of proposed recipient bodies; judging the seriousness of any breach of the undertakings; approving maintenance funds set up to support qualifying property; monitoring the activities of those funds; and other minor functions.

4. This arrangement is unsatisfactory, because:

- i) It is a recipe for delay and confusion in the handling of cases for responsibility to be split between two Departments in this way;

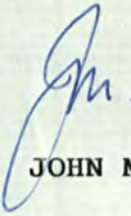
ii) the Treasury has no specific expertise of its own to bring to bear on casework of this kind. So some of the decisions which are formally for the Treasury have already been delegated to the Revenue. But we are advised that, for as long as statutory responsibility rests with the Treasury, such delegations are open to challenge.

5. The Historic Houses Association, the main interest group in this field, have recently been pressing for a transfer of these responsibilities from the Treasury to the Revenue.

6. I understand that you have asked Sir Robert Armstrong to carry out a review of the present division of responsibilities between the Department of the Environment and the Office of Arts and Libraries on heritage matters. But I hope you would agree that this proposal can be considered independently; neither DOE nor OAL are currently involved in the operation of the heritage tax reliefs, and were they to be so they would be equally reliant on the advice of the expert bodies and the Revenue.

7. I should be grateful for your approval to this proposal.

8. I am copying this minute to Patrick Jenkin, Gray Gowrie and Sir Robert Armstrong.


JOHN MOORE

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