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MINISTER FOR THE ARTS

NBPM

PRIME MINISTER

CAPITAL TAX RELIEF FOR HERITAGE PROPERTY: PROPOSED TRANSFER OF RESPONSIBILITY FROM TREASURY TO INLAND REVENUE

with AT?

I have no objection to the Financial Secretary's proposal of 1 March to transfer the present Treasury responsibilities in the field of heritage tax relief to the Inland Revenue.

For the record, however, I should correct the impression in Paragraph 6 that the Office of Arts and Libraries is not currently involved in the operation of these tax reliefs.

There are two main areas of concern to OAL. First, the operation of the arrangements to exempt works of art conditionally from capital transfer tax. We are concerned about the present effectiveness of this system, and currently seeking to discuss it further with the Revenue. Secondly, the acceptance of works of art in lieu of tax by the Board of Inland Revenue is of direct concern to my Department, because the National Heritage Act 1980 passed the responsibility for agreeing to these acceptances and for their subsequent disposal to the heritage Ministers.

While none of this invalidates the case which John Moore has made for a transfer of the Treasury's interests to the Revenue, it does indicate the need for closer relations with the Revenue on these complicated policy issues when the Exchequer responsibilities are no longer spread between them and the Treasury. I hope that the transfer will also be accompanied by an opportunity to improve the tax arrangements intended to help preserve our art heritage.

I am copying this letter to John Moore, Patrick Jenkin and Sir Robert Armstrong.

9.

GOWRIE  
7 March 1985

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CONDICION

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