



Mr Turnbull

File a Budget

10 DOWNING STREET

G.E. Speed, Esq.,
The American Community
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'Heywood', Portsmouth Road,
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Surrey,
KT11 1BL.

9 May 1984

Dear Mr Speed,

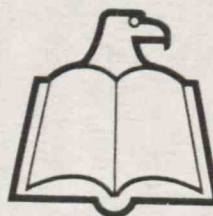
Thank you for your letter of 30 April. I am afraid that I am not able to deal with your suggestions about the extension of tax concessions on expenses of foreigners resident in the UK. I am taking the liberty of sending it to the Treasury where they deal with matters of this kind.

Yours sincerely,

R. Palmer

pp ALAN WALTERS

Accredited by the European Council of International Schools
and The New England Association of Schools and Colleges



American
Community
Schools

Sir Alan Walters
House of Commons
Westminster
London SW1

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30th April, 1984

Dear Sir Walters

Re: Proposed Changes in the Law on Tax Relief for Foreigners on Secondment
in the U.K.

We are very concerned that this present Conservative Government is about to repeat an error of judgement it made several years ago during the Iranian crisis. At that time, the law permitted persons of "independent means" (i.e. over £100,000 in cash in a bank) to obtain resident visas. The law was amended to read "person of independent means and with a close relationship to the U.K." (i.e. a relative living here). Within a space of only three months, so many of our families were unable to obtain renewal of their visas that we were forced to close six of our eight schools and make 246 employees redundant. The majority of these families moved to Spain and France where they opened up two new schools. They were wealthy, well educated, highly democratic and pro-western people. Now Spain and France are enjoying the benefit of their tremendous purchasing power and professional talents.

If the present finance bill is not modified, we fear a repetition of events which would lead to the closing of our two remaining schools, and the redundancy of our remaining 221 employees. Despite the name of our company, The American Community School, we are, in fact, a British limited company, paying full corporation tax (£460,904 this year), whose employees are predominantly British or foreign nationals married to British citizens. All of our employees pay the full rate of taxation and receive no benefit from the current legislation regarding the 50% tax emolument. However, all of our livelihoods are based on the existence of the foreign workers' presence in this country. If they leave, we join the dole queue.

We are NOT asking that the proposal to end the 50% or 25% tax relief for foreign workers on secondment be dropped. We believe that the proposal is fair so that all employees working here are equally taxed. What we are asking is that these employees be given tax concessions on the expenses which they must incur here, but would not normally incur if they remained at their home base. These additional expenses are primarily housing allowance and schooling expenses.

On our applications for admission, the parents are required to list a student's previous school/s. A study of these applications over the years has shown that

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-2-

the vast majority of our families have never had their children in fee-paying schools before. Most of our families are upper middle class and come from nice suburban areas in their home states, where the quality of the local school system is very high and there is no need for private (independent) schooling. However, when these families are transferred to the London area, they have no option but to place their children in fee-paying schools if they wish their children to continue in the American system. The British government is one of only a few governments in Europe which has not provided a state-supported school for foreigners wishing to follow the American or I.B. programme.

We also hasten to point out that the existence of the eight different private (independent) American schools in the United Kingdom has meant that the British taxpayer has been saved the expense of providing school places for over 5,000 students. We seriously doubt if the local education authority in this area could cope if they suddenly had to find places for the 850 students at our Surrey Campus!

Like our teachers, our parents are appalled at the high cost of housing in this country, both rental and purchase. They forget that they are coming from a vast country where building land and costs are much cheaper. Few of them come from the more expensive housing areas of America like New York. Most come from the suburbs of towns in the Sun Belt like Atlanta, Dallas or Houston. Even if they rent their homes in the States while overseas, the income doesn't come anywhere near the cost of housing here. Consequently, we feel that, like schooling, there should be tax relief on the housing allowance.

We are now conducting our annual pre-registration, when parents return a form to reserve a place for next year. In the past, we have received a 90% response with approximately 80% of our students returning and 20% being reassigned to another posting. Also, by this time we would have received sufficient applications from new students to make up the 20% loss on turnover. However, this year less than 50% of the families have returned the form to date. When questioned why not, most have replied that their companies are considering moving them to other offices in Europe to reduce their costs. It might help them, but it will be at the expense of our staff's employment. In addition, few new people are coming over. A few families which were scheduled to enter in September have written to say they are being reassigned, or their overseas posting held up until the tax situation is clarified.

We ask your careful consideration of the above before a hastily drawn law has unfortunate consequences for us personally, and the nation as a whole.

Yours sincerely,

G.E. Speed
Superintendent