

NBP7.

PRIME MINISTER

8 January 1985

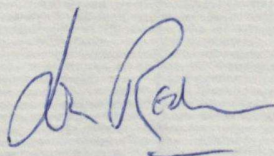
The company sector is profitable and liquid, and is borrowing to finance investment here and overseas.

As a result of tax policy and the profit surge, the burden of company tax is likely to drop drastically. The London Business School's latest forecast for the effective rate of company tax on income is:

1982	19.2%	1986	15.2%
1983	19.6%	1987	15.6%
1984	19.1%	1988	14.3%
1985	18.3%	1989	12.5%

The more distant years are very speculative. The 1986 and 1987 forecasts are more reliable.

Unless someone explains this is happening there is unlikely to be any gratitude.



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