

PRIME MINISTER

GREEN PAPER ON PERSONAL TAXATION

You have seen most of these papers before and the Cabinet Office have provided their usual admirable brief. Minutes by Lord Young, Mr. Fowler, Mr. Tebbit and the Policy Unit are in the folder. Note that Mr. Tebbit favours partially transferable allowances.

It might help the progress of the discussion if you were to make a few points clear early on:

- i) the Government is committed to publishing the Green Paper and it makes sense to bring it out on Budget Day;
- ii) the Green Paper will need to focus primarily on transferable allowances;
- iii) there is nothing inconsistent in making savings on social security whilst aiming for no losers on taxation: the Government is committed to reducing public expenditure and reducing taxation;
- iv) but there must be doubts about whether the Government can put forward so firmly proposals which would rightly or wrongly be viewed as a massive give-away;
- v) the Green Paper will in your view need to be greener and discuss more modest possibilities for transferable allowances; (it might be possible to make fully transferable allowances an objective to be reached as resources permit)
- vi) the meeting is intended to be a second reading

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discusison followed by two or three further meetings to
look in more detail at particular aspects.

The aim would be from the start to assure the Chancellor of
your broad support on publishing a Green Paper which
discusses transferable allowances, whilst making him and
others aware that you are not prepared to go as far as he
would like.

An aide memoire on the advantages of partially transferable
allowances is attached to this minute.



(David Norgrove)

15 January 1986

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