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PRIME MINISTER

GREEN PAPER ON PERSONAL TAXATION

Mr. Fowler's office believe that he will not press his arguments at Cabinet tomorrow. They think he is likely to state his position and then hope that other colleagues will support him. They also say that he would be much reassured to be told that no legislation is in prospect for this Parliament.

The Chancellor's paper says:

"none of the ideas in this Green Paper are for this Parliament".

I have pointed this out to his office and asked that the Chancellor should confirm that he will not be proposing legislation for this Parliament.

The Chancellor is also prepared in the last resort to consider including reference to child tax allowances in the Green Paper, and he has thought about some words which could be used. But he would be deeply unhappy to have to bring them in. Nevertheless, if a wrangle is developing in Cabinet, you could invite the Chancellor and Mr. Fowler to try to agree some words.

(DAVID NORGROVE)

26 February 1986

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