



10 DOWNING STREET

From the Private Secretary

PRIME MINISTER

The enclosed note focusses on those issues where I thought you might want to see more detail.

Key points to note:

- Gainers and losers - see the table at A. As expected gains rise steadily as you go up the income scale
- note (para. 3) there could be some net losers with big company cars
 - - note (para. 4) some losers on CGT.
 - - the mortgage and covenant/maintenance charges will not apply to existing arrangements.
 - I suspect the main "loser" complaint from the whole package will come from those currently getting 2 lots of mortgage relief who will lose it when they next move house.
 - the main "gainer" complaint will come from comparisons between, say, nurses and higher rate taxpayers.

Maintenance and
Covenants

- details look sensible to me.

Independent
Taxation

- ditto. NB Potential loss for breadwinners' wives will be permitted by transitional arrangements.



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Re the 1-handia

- do you want anything like?

eg:

- more details on how the new mortgage arrangements will work?
- detailed proposals on excise duties?

Rle6

17/2