

BUDGET SECRET

CONFIDENTIAL



KWJ

17.3.88

for P 6247

10 DOWNING STREET

From the Private Secretary

PRIME MINISTER

DETAILED BUDGET PROPOSALS

1. For discussion with the Chancellor on Tuesday.
2. The main point is better to mount a late challenge on the overall size of the package - now put (Table 2 & need) at £4 b. in 88-89 and £6 1/4 b. in 89-90.
Frankly I think this is an argument you would not win at this late stage.
3. On details:
 - (a) Para. 3 - I question the proposed target of a 20p. basic rate. It seems an unnecessary hostage to fortune. And now rates have been substantially reduced I think the main priority for future budgets should be to raise personal allowances - much more important now for work incentives and the unemployment trap.
 - (b) Para. 27 - you should check you are content with the revised maintenance proposals



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LONDON SW1A 2AA

From the Private Secretary

(c) Para 47 — Any no increase in spirits duties?

This needlessly loses revenue and ~~unacceptably~~
~~could~~ may be difficult to present by comparison with
the proposed bracket of beer.

(d) Para 48 — check this apparently trivial point
on cered bars won't open up a row about
VAT on food.

PRC6

4/3