

Budget ~~sector~~

CONFIDENTIAL

Kent (un)

17.2.88

for P GRAY



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LONDON SW1A 2AA

From the Private Secretary

PRIME MINISTER

You cleared today with the Chancellor the position on maintenance and spirits duties. I think that just leaves:

- ← ① Para 3 - is it sensible to declare a 20p. basic rate target? The Manifesto talked only about 25p. 20p seems an unnecessary hostage to fortune. And I think the main priority ~~now~~ now for work incentives and the unemployed trap is personal allowances, not ~~regional~~ tax rates.
- ← ② Para 48 - "cereal bars" - will they provoke a silly VAT on food row?
- ③ Handling the Budget speech. I've tentatively agreed with the Chancellor's office they will send a draft on Thursday, that you will look at either on Thursday or Friday night.

REC6.

7/3

P.S. You may also want to glance at the enclosed note on the buoyancy of tax revenues (just arrived).