

BUDGET - SECRET



5 9(A-B)

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From the Private Secretary

PRIME MINISTER

BUDGET UPDATE

The Chancellor promised to reflect on a number of points.
I gather he will report back as follows. As usual, please do not
reveal prior knowledge of his views.

NICs

He will propose:

- no increase in the upper earnings limit, so
everyone on high earnings will get the £3 weekly
benefit.
- the 2% / 9% variant described at the last
meeting rather than the more complex original idea
- cutting self-employed NICs by £1.30 a week

I imagine you will be content with this package. But, in return
for allowing everyone to benefit by £3, he now proposes a
bigger increase in company car scales than originally proposed
- 33% rather than 20%. You may want to probe this.
That's it for now.

(2)

Abolition of CGT deferred on gifts

You were concerned to allow a chattels exemption.

1 - But there is already a exemption for chattels up to £3000 per item. The Chancellor will now propose raising this to £6000 per item.

Pension

You were concerned about the £60,000 tax limit.

But I asked the Chancellor proposes to stick to his guns.

(I think you should stick to yours i.e. a limit of no less than £75,000. My sources tell me same in the Treasury share your doubts)

Recc
28/2