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Treasury Chambers, Parliament Street, SW1P 3AG
01-270 3000

3 March 1989

Paul Gray Esq
10 Downing Street
LONDON
SW1

Dear Paul,

TAX RELIEF FOR RELOCATION

The Chancellor has asked me to make one additional point relevant to the decision on removing the relief on additional housing costs. This is that the revenue yield from this measure in 1990-91 (about £30 million) would enable him to include an additional Budget proposal with an equivalent revenue cost, which would be of particular benefit to small businesses, while keeping the size of the Budget package for 1990-91 below £3½ billion. The additional proposal would be to allow unincorporated businesses to set trading losses against realised capital gains in computing CGT liabilities. At present, incorporated businesses can do this but unincorporated businesses cannot. This measure would be of particular benefit to farmers.

Yours
A.C.S.

A C S ALLAN
Principal Private Secretary