



10 DOWNING STREET

Prime Minister

Mr Peter Rowland, who  
will be at the European-Atlantic  
dinner, has written to say he  
has heard nothing from  
Lord Cochrane on tax  
simplification. The attached  
note from Lord Cochrane explains  
why he has not been able to  
make use of Mr Rowland.  
Corporation tax has already  
been tackled and work is  
going on to reform capital  
gains tax and Schedule D.

AT

10/7



*Chancellor of the Duchy of Lancaster*

Mr Andrew Turnbull  
10 Downing Street

I enclose a note by the Chancellor of the Duchy, for the Prime Minister's meeting tomorrow with Mr Peter Rowland, setting out the present position on the revision of taxation legislation.

A handwritten signature in blue ink, appearing to be 'SB', written in a stylized, cursive script.

SEBASTIAN BIRCH  
10 July 1984



Chancellor of the Duchy of Lancaster

#### TAXATION LEGISLATION

1. I have had a number of discussions on this with the Lord Chancellor, First Parliamentary Counsel and the Inland Revenue. The position we have reached is set down below.
2. The extent of the work now in hand on major structural reform is such that there are few areas left where simple "tidying up" of the kind Mr Peter Rowland had suggested would be practicable. Nor would it be sensible to divert Parliamentary draftsmen or the Revenue experts from the major restructuring exercise. But the views expressed by Mr Rowland have been brought very much to the attention both of Parliamentary Counsel and the Inland Revenue and will I hope bear fruit in the drafting for the major restructuring work.
3. The other limb of the exercise, namely Consolidation, is well in hand. Unfortunately it will not be until the Autumn of 1987 that the Consolidation Bill will be ready for introduction and it would not be enacted until 1988. I have discussed the question of accelerating this timetable with the Lord Chancellor. His view which is shared by Sir George Engle is that to shorten the timetable by two years - which is what I would have liked - is impossible. But the position will be reviewed in the middle of next year, by which time most of the preliminary drafting will have been done, to see whether the programme could then be brought forward by a year. One of the major difficulties is that Consolidation is in the hands of a single draftsman. Consistency and coherence in drafting does require the work to be concentrated in this way. To bring in additional people at this stage, even if they were available, would if anything set the work back.

4. Once the preliminary drafts are available next year we will then consider whether some simplification is possible. If it is, the pre-consolidation amendments would be included in the Finance Bill, so that the Consolidation Bill itself would not then change the law and would still qualify for the accelerated legislation procedure.
  
5. We have looked at the question whether "simplification" should not precede consolidation. Before one can "simplify" one must - informally at any rate - consolidate the existing legislation to be certain what the existing law is. In effect therefore one would end up proceeding in much the same way as I have set out above - that is a draft consolidation, followed by pre-consolidation amendments in the Finance Bill, leading then to consolidation itself.

*A.C.*

A C

10 July 1984