

CONFIDENTIAL

Subject



File VC

10 DOWNING STREET

cc Master

From the Private Secretary

25 April 1985

Dear Rachel,

LATE PAYMENT OF VAT

During the course of their meeting today, the Prime Minister raised with the Chancellor his proposals to reduce late payment of VAT. She was concerned about the effects on small businesses. The Chancellor explained that the Keith proposals had been the subject of very extensive consultation and in certain respects were more favourable to traders than the status quo. Criminal sanctions were being removed and provisions inserted to allow traders to avoid the surcharge if they acted with "due diligence" and had "reasonable excuse". The Prime Minister felt that small businesses were often the victim of late payments by large companies and by the public sector. She asked the Chancellor to prepare a note setting out what provisions there were to ensure that the Government paid its bills on time and whether taxpayers were entitled to receive interest for late payment of refunds.

Your remarks

Andrew Turnbull

(ANDREW TURNBULL)

Mrs Rachel Lomax,
HM Treasury.

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