

SUBJECT
C. K. M. S.
C. F. White

File



cc: Mr. Pattison

089

10 DOWNING STREET

From the Private Secretary

3 June 1981

At their meeting yesterday evening, the Prime Minister and the Chancellor discussed the Chancellor's undated minute from last month about the taxation of widows and single women aged 60-64.

The Chancellor explained the arguments against making any concession on the lines proposed by Jeff Rooker. However, the Prime Minister said she still believed that, in equity, something needed to be done, particularly for widows.

The Chancellor said that he would look again at the draft letter which he was proposing to send to Jeff Rooker, and at the possibility of raising the tolerance level. He would also consider whether, for the longer term, some special concession should be made to help widows.

I am sending a copy of this letter to Don Brereton (DHSS).

I. P. LANKESTER

John Wiggins, Esq.,
H.M. Treasury.

CONFIDENTIAL

R.H.

Original in Budget File
1985

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PRIME MINISTER

Meeting with the Chancellor
Tuesday 2 June at 1720 hours

There are three issues you need to discuss:

i) Tax measures to offset the £85m lost by the decision on Derv (Flag A). The Chancellor wants to raise £20m from betting and gaming, and £55m from tobacco (another 3p on a packet of cigarettes). Your view has been that we should raise something extra from wine. I have mentioned this to the Treasury, who say that the Chancellor will argue very strongly against trying to go down this route: he thinks that, without increasing the tax further on beer, a tax increase on wine will simply be thrown out by the European Court, and that on the basis of a Court decision traders will be able to recoup the revenue. It also seems doubtful whether it would be worth having a row with the Community over such a relatively small issue (we would only be getting in another £10m or so at the most).

ii) Taxation of widows and single women, aged 60 - 64. You have disagreed with the Chancellor's advice on how he should respond to Jeff Rooker (Flag B). The issue here really comes down to whether the age allowance should be introduced at 60 for women generally or widows and single women. But this would presumably be very expensive.

iii) Progress on monetary control improvements. At Flag C are some notes by Alan Walters following a discussion last Friday, and also a draft letter which you might send to the Chancellor. I see little point in going into this in detail with the Chancellor, but you could mention your concern that the timetable seems to be slipping. I can then 'top and tail' Alan's draft letter for you to sign, and we can suggest a stocktaking seminar just before the summer recess.

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1 June 1981

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D. G. Clark
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