



2017
SR 2-NO.

Treasury Chambers, Parliament Street, SW1P 3AG

Paul Gray esq
PS/Prime Minister
No. 10 Downing Street

20 July 1989

Dear Paul

CORRESPONDENCE WITH SIR EMMANUEL KAYE

As requested in your letter of 18 July, I attach a draft letter for the Prime Minister to send to Sir Emmanuel Kaye. In case he still persists in raising the matter personally, I also attach a one-page brief.

Yours,

S J FLANAGAN

~~DRAFT~~ LETTER FROM THE PRIME MINISTER TO SIR EMMANUEL KAYE

I think I thought it might be better if I responded before we met on Sunday.

Thank you for

17 July in Sunday

In your letter of ~~27~~ you referred to the question of 1982 valuations of unquoted shares for capital gains tax. This is a complicated issue which I know Nigel Lawson and Norman Lamont have looked at on many occasions over the last year or so. I understand that you yourself saw Norman Lamont to discuss it on 12 April.

You suggest in particular that there should be a one-year concession for married couples who did not understand that they could arrange to bring their pre-1982 holdings of unquoted shares together for valuation purposes. Having had one or two enquiries on the point, the Revenue thought it helpful to publish a Statement of Practice about it in May. But this was, I am advised, never an area where the words of the legislation left any room for argument. The Revenue's Statement set out the strict effect of the law. It may be that some taxpayers and their advisers did not fully appreciate the effect of the law: but if they were in doubt they could always have asked the Revenue, who would have told them the answer. I would see some difficulty in the Government agreeing to a concession which was introduced solely because some taxpayers might have arranged their affairs differently but for their failure to understand what the law meant. ~~However,~~ ^{Re} I am sure that this is a question Norman Lamont will be able to cover when you see him again on ~~26 July.~~ *ext week.*