

SUBJECT

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10 DOWNING STREET

From the Private Secretary

4 February 1983

Taxation of International Businesses

At her discussion with the Chancellor yesterday, the Prime Minister drew his attention to a minute she had received from John Sparrow about the Inland Revenue's latest consultative memorandum, together with the proposals put forward at the end of 1981, about the taxation of international businesses.

The Prime Minister said that she was inclined to agree with John Sparrow's conclusion that there was a case for deferring legislation until comprehensive proposals could be brought forward to deal with all of the problems in the light of wider Government policies for the health of industry as a whole and for stimulating investment overseas. The Prime Minister was particularly struck by Mr. Sparrow's assertion that legislation would affect many international companies based in the UK.

The Chancellor said that he would be glad to see John Sparrow's minute, and he would let her know his reaction to it. I accordingly attach a copy of this minute, together with the background note attached thereto.

I am sending a copy of this letter and enclosure to Andrew Hudson (Minister of State's Office, HM Treasury) and the letter only to John Sparrow.

M. C. SCHOLAR

Miss Jill Rutter,
H.M. Treasury.

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