



Prime Minister.

Accept Sir Robert's advice
that the transfer be agreed, subject
to the qualification in para 4?

MEN 30/4

Ref. A085/1200

PRIME MINISTER

P.S. This proposal is designed to
increase public acceptance of the
Keith proposals on late payment of VAT
AT.

VAT Tribunals: Transfer of Responsibility

The Chancellor of the Exchequer's letter of 1 April to the Lord Chancellor seeks your approval of the transfer from Customs and Excise to the Lord Chancellor's Department of administrative responsibility for the VAT Tribunals. - attached.

2. The Chancellor considers that the transfer will enhance public acceptance of the independence of the VAT Tribunals; administration of the Tribunals by Customs staff might appear to call into question the Tribunals' impartiality in reviewing the decision of other Customs staff. The Chancellor considers the transfer timely, since an extension of the Tribunals' jurisdiction is expected to lead to a significant increase in their work.
3. The Chancellor cites the transfer to the Lord Chancellor last year of administrative responsibility for the Inland Revenue Special Commissioners and the Social Security Commissioners in support of his proposal. In recommending that you approve those transfers I pointed out that they represented a departure from the general rule that the Department responsible for a tribunal's area of operation should also administer it, and suggested that you would want to look more carefully at the balance of argument if there were proposals for a wholesale transfer of tribunals to the Lord Chancellor's Department.
4. So far as this particular transfer is concerned, I should not wish to question the Chancellor's judgment about the specific advantages or to advise you to resist the transfer. It can be regarded as fitting into the same package as the two earlier transfers. But I suggest that the time has come to look at the question in the round of whether the Lord Chancellor's



Department should take on a wider role in administering tribunals or whether this administrative responsibility should in general rest with Departments. I recommend that you approve this transfer but suggest to the Lord Chancellor that before any further transfers of this sort are contemplated his Department should get together with the Cabinet Office's Machinery of Government Division to examine the general question of administrative responsibility for tribunals.

cleared. 5. On a minor aspect of the proposed transfer, I understand that it is proposed that a handful of staff who support the VAT tribunal in Scotland should be transferred not to the Lord Chancellor's Department but to the Scottish Courts Administration. Your office might suggest to the Chancellor's Office that they confirm with the Secretary of State for Scotland that he is content with this; the Chancellor's letter was not copied to him.

REA

ROBERT ARMSTRONG

26 April 1985

CCND



HOUSE OF LORDS.
LONDON SW1A 0PW

12 April 1985

am
NB/M
Can we check
with RFA office pl
to see if authority
will spare.
Met 15/4

My dear Nigel,

VALUE ADDED TAX TRIBUNALS

Thank you for your letter dated 1 April. I am glad to say that, subject to agreement regarding the transfer of the necessary resources, I am prepared to assume administrative responsibility for the VAT Tribunals in England and Wales. At the same time, it seems to me that it would make good sense for me to assume administrative responsibility for the Tribunals in Northern Ireland, which, I gather, are currently run from your office in Scotland. I would be content to leave the arrangements for the Tribunals in Scotland to the Secretary of State and the Lord Advocate, if that is their wish.

I hope that these arrangements will lay to rest the worries which you indicate have existed, albeit wrongly, about the independence of the VAT Tribunals. One of my primary roles is, of course, to preserve judicial independence and confidence in the administration of justice. I believe, like you, that for the VAT Tribunals I am therefore well placed to provide for a fully effective and accountable administration by integrating them into my Department (as I have done with the other Tribunals which I run) whilst at the same time underlining their complete independence from Customs & Excise.

On the question of resources, I understand that our respective officials have agreed that the resources necessary to run the Tribunals now, and any additional staff required to deal with the expected increase in work as a result of the implementation of the Keith Recommendations, will be transferred to my Department. There are, I believe, some matters of detail still outstanding but these should cause no difficulties and on that basis I am, as I have said, prepared to proceed.

I note that you envisage proposing the necessary legislation as a New Clause for this year's Finance Bill. Our officials have already discussed the relevant provisions but, again, there are one or two matters still to be resolved. Assuming that these matters can be dealt with in time, as I believe to be the case, I would be content for the

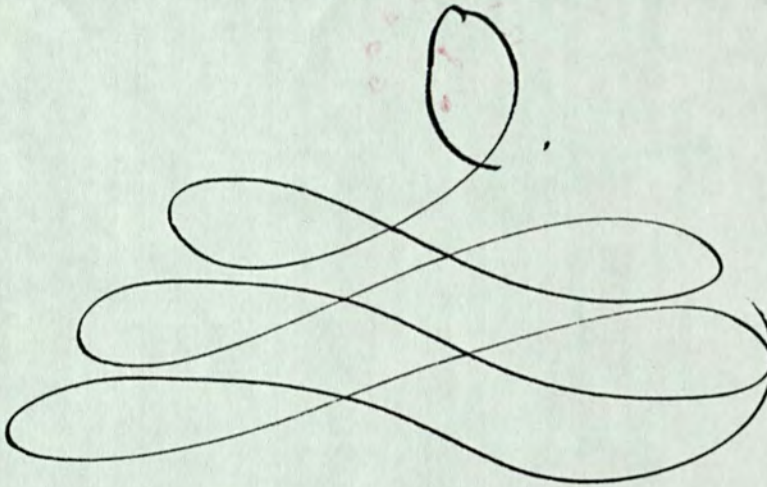
/legislation to

The Right Honourable
the Chancellor of the Exchequer
Treasury Chambers
Parliament Street
London SW1P 3AG

legislation to proceed as you suggest. I envisage that the actual transfer of responsibility would take place on 1 April 1986, thus allowing adequate time for the necessary administrative and financial arrangements to be made.

I am copying this letter to the Prime Minister and to the Lord Advocate. I am also sending a copy of the correspondence to the Secretary of State for Scotland so that he is fully in the picture.

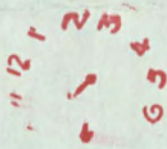
YRS;



GOVT MACHINERY. VAT Tribunals:

April 85.

15061 21






10 DOWNING STREET

From the Private Secretary

MR. HATFIELD
CABINET OFFICE

I should be grateful for any comments you may wish to give us on the attached letter from the Chancellor to the Lord Chancellor, seeking agreement for the transfer of administrative responsibility for VAT tribunals from Customs and Excise to the Lord Chancellor's Department.

Mark Addison
3 April 1985





Treasury Chambers, Parliament Street, SW1P 3AG
01-233-3000

1 April 1985

The Rt. Hon. The Lord Hailsham of St Marylebone CH FRS DL
Lord Chancellor
House of Lords
LONDON
SW1

John Gubbins

Officials of Customs and Excise have been discussing with your officials the possibility of transferring to your Department the administrative responsibility for the VAT Tribunals which at present lies within Customs and Excise. I am writing to seek your agreement to such an arrangement.

Customs and Excise have for some time been uneasy about public acceptance of the independence of the VAT Tribunals when their Department is cast in the joint roles of respondent and paymaster. This problem has been brought into focus by the forthcoming implementation of the Keith Committee proposals affecting VAT which, amongst other things, will transform a wide range of offences currently dealt with as part of the criminal code into civil offences. The Committee were naturally very concerned that adequate protection should be provided as part of the package via the appeals system. Although they did not consider this particular proposal, it would nevertheless make sense to introduce it at the same time as the Keith measures, in order to reinforce public acceptance of the Tribunal system at a time when appeals are bound to increase. I would be prepared to propose the necessary legislation as a New Clause for this year's Finance Bill.

You have recently taken responsibility for administrative control of the Inland Revenue Special Commissioners and the Social Security Commissioners. There seems to be a direct parallel here for the VAT Tribunals. Such a transfer would be a logical step in line with the Financial Management Initiative and the new arrangements recently announced for the control and review of Non-Departmental Public Bodies.

If you agree, and provided that the Prime Minister is also content, the two Departments can put the necessary wheels in motion.

I am copying this letter to the Prime Minister, and in view of his interest in the Tribunals in Scotland, to the Lord Advocate.

NIGEL LAWSON

Nigel Lawson

RH

NO
WA

02 APR 1985

