

CC/NO



Treasury Chambers, Parliament Street, SW1P 3AG

M Addison Esq  
Private Secretary to  
The Rt Hon Margaret Thatcher MP  
10 Downing Street  
LONDON SW1

3 May 1985

Dear Mr. Addison,

**VAT TRIBUNALS: TRANSFER OF RESPONSIBILITY**

The Prime Minister will have seen that, by their letters of 1 April, 12 April and 26 April, the Chancellor of the Exchequer, the Lord Chancellor and the Secretary of State for Scotland, have agreed that it would be desirable to transfer the administrative responsibility for VAT Tribunals from Customs and Excise to the Lord Chancellor's Department for England and Wales and Northern Ireland and for Scotland to the Secretary of State for Scotland. Both the Lord Chancellor and the Secretary of State for Scotland made their agreement conditional on outstanding points relating to resources and I understand that satisfactory arrangements have now been agreed between officials. In the exercise of certain of his powers, such as the making of procedural rules, the Lord Chancellor will consult the Lord Advocate. As the Chancellor indicated, the Prime Minister's agreement is required to a proposed transfer of functions between Ministers.

VAT Tribunals were originally set up at the same time as the introduction of VAT in 1973 to provide an independent body to decide appeals against the decisions and assessments for tax of Customs and Excise. The Chancellor considers that the time is appropriate for the transfer in view of Customs and Excise being uneasy about public acceptance of the independence of the Tribunals when their Department is cast in the joint role of respondent and paymaster. The proposed implementation of the Keith Committee proposals affecting VAT provides an ideal opportunity to introduce the transfer in order to reinforce public confidence in the Tribunal system at a time when the number of appeals is bound to increase.



The proposal is in line with the recent acceptance by the Lord Chancellor of administrative responsibility for the Inland Revenue Special Commissioners and the Social Security Commissioners; in the latter case the Secretary of State for Scotland assumed responsibility for Scotland.

The Prime Minister is now invited to agree to the proposed transfer of functions. The consequential legislation changes can then be introduced by way of a short Government New Clause at the Committee Stage of the Finance Bill.

In addition, the drafts of an arranged PQ for answer by the Prime Minister (in accordance with past precedents cf Hansard 25 October 1984 Col 654) and a Press Notice (to be issued by Customs and Excise) are attached. | x

If the transfer is approved, the PQ should not be put down until the Lord Chancellor has told Lord Grantchester, President of the Tribunals: I should be grateful if you could inform the Lord Chancellor's office once the Prime Minister has given her agreement. |

Copies of this letter go to the Private Secretaries of the Lord Chancellor, the Secretary of State for Scotland, the Lord Advocate and Sir Robert Armstrong.

Yours sincerely,

Debbie McCambridge

p.p. M W NORGROVE  
Private Secretary



Cert Mach : VAT Tribunal 4/85

23 MAY 1985



CONDENSATOR