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My ref:

Your ref:

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Dear Nigel

#### EFFECTS OF DOMESTIC REVALUATION

As you know, the Prime Minister has asked for an exercise to be carried out which will illustrate the turbulence that might be expected if there were to be a revaluation of domestic rateable values.

My officials and yours at the Inland Revenue have been discussing how this might be achieved. Because of the timescale (we are looking for results around mid September) and because resources are stretched at the Inland Revenue - and here - the exercise must necessarily be both limited, and a joint effort. I understand, however, that officials are satisfied that it will be possible to design a survey - along the lines of one which was carried out in 1982 - which will be adequate to meet the Prime Minister's requirements provided we can offer some statistical assistance.

I hope you will be able to agree that we should now put this exercise in hand. My officials are ready to help settle the detailed operational questions which will need answering.

NICHOLAS RIDLEY