

PRIME MINISTER

EFFECTS OF DOMESTIC REVALUATION

Early in July you met Mr Ridley to discuss the presentation of rates reform and stressed the importance of marshalling all the facts on the effects of a domestic rating revaluation if there were to be one.

Mr Ridley in turn proposed to the Chancellor that the Inland Revenue should carry out a sample survey which would provide material to show the effects of a domestic revaluation.

The Chancellor has objected that this would affect normal work in the Inland Revenue; its existence could leak; and it might not produce helpful results. He would rather rely on historical evidence.

Mr Ridley continues to press the case, and the Policy Unit note below supports him.

I do not feel entirely comfortable about the proposal. But it seems worth pursuing given the great need to go onto the attack on the community charge. I recommend you to support Mr Ridley on condition that he provides staff as necessary to support the work of the Inland Revenue on this.

Agree?

*I think we should be vulnerable*

*DAN*

*to criticism of the set up a 'sample' survey -*

David Norgrove

*1 should have thought that using the last*

*2 mechanisms plus the 1980 revaluation*

18 September 1987

*we could statistically reconstruct figures with*

*much greater overall validity. MS*