

CPSG



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My ref:

Your ref:

Robert Culshaw Esq
Private Secretary to
The Rt Hon Sir Geoffrey Howe QC MP
Foreign and Commonwealth Office
Downing Street
LONDON
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24 September 1987

Dear Robert,

RATE REFORM: CROWN PROPERTY

Thank you for your letter of 14 September.

My Secretary of State welcomes the suggestion that foreign diplomats should pay 20% of the community charge. It is clearly important, both for presentational reasons and in order to preserve the financial benefit to local authorities, that diplomats should continue to make a contribution to the cost of local services.

It is, however, our understanding that under existing law foreign diplomats are immune from personal taxation, and that it would not therefore be possible to include in our Bill a requirement that they should pay 20%, or any other proportion, of the community charge. Your Legal Adviser's letter of 28 July to our Legal Adviser appears to confirm this view.

We take it, therefore, that you intend your proposal to be implemented by non-statutory means, by agreement with the foreign Governments and diplomats concerned. It is on a similar basis that we understand the current system of partial rate payments is operated.

This is, in fact, precisely what my Secretary of State proposed in his minute to the Prime Minister: foreign diplomats will be formally exempt from the personal community charge, but negotiations will take place to establish an informal system for ensuring that payments currently made in respect of the "beneficial proportion" of rates should continue in some form.

The appropriate next step seems to be for officials to discuss how these shared objectives can best be met. Officials here will be in touch with yours, and those from RGPD and the Treasury, to set up a meeting.

will request of req'd

1. CSP
2. NBM.

I am copying this letter and yours to David Norgrove at No 10,
Private Secretaries to Members of E(LF), John Howe in George
Younger's office and Trevor Woolley in Sir Robert Armstrong's
office.

*Yours sincerely,
Robin Young.*

R U YOUNG
Private Secretary

