

*Prime Minister*

10 DOWNING STREET

THE PRIME MINISTER

14 April 1980

Dear Jimmy

I promised on 25 February that I would write to you again about the covenant system for donations to charity. You will have understood that I wanted to wait until after the Budget to do so.

Geoffrey Howe announced in the Budget two significant changes in the way the covenant system works, which I am sure will encourage more people to use it. The first is that the period for which covenants to charity must be capable of running is being reduced from seven years to four, so that people will no longer have to commit themselves to such a long time. The second is that from next year we shall allow tax relief on covenant payments to run at the higher personal income tax rates and not just at the basic rate as at present.

There are good reasons why it is not possible to do away with the covenant system altogether, but these two steps ought to give considerable encouragement to charities.

Yours sincerely

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Jimmy Savile, Esq., O.B.E.

jfh