

WONFO 50/23

ZZ FCO

GRS 180

CONFIDENTIAL

FM WASHINGTON 231604Z SEP 83

TO FLASH FCO

TELEGRAM NUMBER 2737 OF 23 SEPTEMBER

MIPT: UNITARY TAXATION

BEGINS:

'DEAR MARGARET:

THANK YOU FOR YOUR RECENT LETTERS EXPRESSING CONCERN ABOUT STATE GOVERNMENTS' USE OF UNITARY TAXATION. I APPRECIATE AND FULLY UNDERSTAND YOUR INTEREST. YOUR CLEAR AND FORTHRIGHT EXPLANATION OF BRITISH VIEWS WILL BE TAKEN FULLY INTO ACCOUNT AS WE CONTINUE TO REVIEW THE COMPLEX SET OF ECONOMIC, LEGAL, AND CONSTITUTIONAL ISSUES INVOLVED IN UNITARY TAXATION.

WE WILL NOT BE FILING A MOTION FOR REHEARING IN THE CONTAINER CASE, BUT I HAVE DECIDED TO ESTABLISH AN ADMINISTRATION WORKING GROUP, WHOSE TASK IT IS TO EXPLORE WITH STATE GOVERNORS AND REPRESENTATIVES OF US BUSINESS AND INDUSTRY THE MULTIPLE ASPECTS - INCLUDING THE INTERNATIONAL IMPLICATIONS - OF THIS COMPLEX MATTER. WE HAVE EMPHASISED TO THE WORKING GROUP THE IMPORTANCE AND URGENCY OF THEIR TASK.

I WILL BE PREPARED TO DISCUSS THIS THORNY ISSUE IN MORE DEPTH WHEN WE MEET NEXT WEEK. THANK YOU AGAIN FOR GIVING ME THE BENEFIT OF YOUR VIEWS. I LOOK FORWARD TO SEEING YOU.

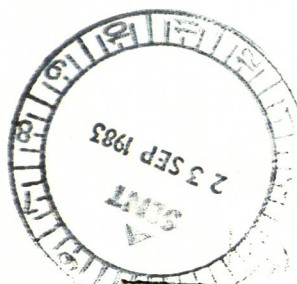
SINCERELY,

RON''.

ENDS

FCO PLEASE PASS ADVANCE TO PS/NO10: KEITH (INLAND REVENUE): ROBSON (TREASURY): HEALEY (DTI) AND APPELYARD (ERD):

WRIGHT



Prime Minister (2)

As expected.

MLs 23/9

FLASH

(Commentary from Oliver Wright attached)

PS PS/PUS

Mr Thomas

ERD

NAD

ECDE

PS/NO10

Mr Delahunt legal affairs Mr Keith Inland Revenue Mr Robson Treasury Mr Healey DTI