

FLASH

17

WONF0049/23

ZZ FCO

GR 200

CONFIDENTIAL

FM WASHINGTON 231602Z SEP 83

TO FLASH FCO

TELEGRAM NUMBER 2736 OF 23 SEPTEMBER

Ps/No 10
Hd (ERD)
Mr Keith (Inland Revenue) (NAI)
Mr Healy DTI 1 EC D (E)
Mr Robson (Treasury) Ps/PUS Ps (6)
Miss Wilburst / Legal Advisor Mr Thomas
RC

MY TELEGRAM NUMBER 2738: UNITARY TAXATION

1. JUDGE CLARK HAS JUST HAD DELIVERED TO ME THE PRESIDENT'S REPLY TO THE PRIME MINISTER'S LETTER. TEXT IN MY IMMEDIATELY FOLLOWING TELEGRAM: ORIGINAL BY NEXT BAG.

2. IT IS, AS EXPECTED, UNSATISFACTORY. AS EXPECTED IT PROPOSES THE ESTABLISHMENT OF A TRIPARTITE WORKING GROUP TO EXPLORE THE STATES' USE OF THE WORLDWIDE UNITARY METHOD OF TAXATION. AS EXPECTED, DOMESTIC POLITICAL CONSIDERATIONS HAVE TAKEN PRECEDENCE OVER THE INTERNATIONAL REPERCUSSIONS. ONE ADDITIONAL POINT THAT HAS BEEN MADE TO THE VISITING BUSINESS/PARLIAMENTARY DELEGATION, IS THAT A PRESIDENT WHO BELIEVES IN AND WAS ELECTED ON THE PLATFORM OF RETURNING AUTHORITY TO THE STATES CANNOT BE SEEN TO BE TRYING TO PREVENT THE STATES RAISING THEIR OWN TAXATION.

FCO PLEASE PASS ADVANCE TO PS/NO 10: KEITH (INLAND REVENUE): ROBSON (TREASURY): HEALEY (DTI) AND APPELYARD (ERD):

WRIGHT

NNNN

