



Treasury Chambers, Parliament Street, SW1P 3AG  
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PRIME MINISTER

SEASON TICKETS

We spoke earlier in the week about taxing the benefit of season tickets provided by employers.

2. Over the past few years, there has been a great increase in the provision of season tickets by employers. Schemes are now advertised by British Rail and London Transport. Out of a commuter population of around 1 million, some 250,000 are now provided with season tickets by their employers. Of these 250,000, roughly half already pay tax on the benefit (including directors and employees earning above £8,500, and all who are provided with vouchers which they exchange for tickets or are reimbursed the cost of the ticket). It is only a minority (100,000 or so) who escape tax: these are employees earning less than £8,500 whose employers have entered into schemes which avoid tax (through a loophole in the law).

3. The minority escape tax, while the majority are either taxed on the benefit of the season ticket provided or pay for their travel from home to work out of taxed income. This is very unfair. It fuels the pressure for tax relief for travelling expenses from home to work (which would cost some £1 billion). Taxing all season tickets would to some extent reduce that pressure (or at least remove a source of grievance).

Prime Minister.

Would you like to discuss this further with the Chancellor when he comes on tomorrow afternoon?

No

MW

11:11



4. It is our policy to encourage employers to reward in cash rather than in kind. A watertight tax on the provision of season tickets would be entirely consistent with this. And, by preventing avoidance through schemes drawn up for the purpose, it would end the preferential tax treatment enjoyed by a minority of commuters.

5. I am copying this minute to the Chief Whip.

(G.H.)

23 February 1981

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