



*Back to me
after despatch*

MAJ 25/2

10 DOWNING STREET
PRIME MINISTER

Jimmy Savile asked you about the length of time necessary for charitable covenants to qualify for tax relief. *

The attached note from the Treasury reveals that the Chancellor has already decided to reduce the time period from 7 years to 4 in the next Finance Bill.

We can not even hint at this to Jimmy Savile at present. We have to treat it as a Budget secret. Would you like to write to Jimmy promising to take it up personally as in the attached draft? We will then give you a follow-up letter when the Budget announcement has been made.

22 February 1980

MAJ

~ Passage deleted and closed, 40 years,
under FOI Exemption

Wayland

11 October 2012

S E C R E T



Treasury Chambers, Parliament Street, SW1P 3AG
01-233 3000

21st February 1980

Dear Mike,

You wrote to Martin Hall on 6th February seeking the Chancellor's reactions to the Prime Minister's comments about the "7 year covenant system" and the possibility of reducing the "7 year" period.

The 7 year minimum period was introduced for all covenants - not merely covenants to charities - in 1922.

Whether this period is right for covenants to charities in modern conditions is a matter of judgement. For some charities it is too long and constitutes a disincentive. Moreover, in times of high inflation a short period has the advantage of facilitating the more frequent raising of the amount of the payment if the covenantor is willing. Other charities are less convinced that the period should be shortened because they like the assurance of future income and the lighter administrative burden of arranging the renewal of continuing deeds.

The Goodman Committee on Charity Law and Voluntary Organisations, having weighed the pros and cons, came down in favour of shortening the period and the National Council of Social Service has endorsed their recommendation. We have already decided to make the change in the coming Finance Bill. The reduction will be from 7 years to 4 years (or more accurately from "a period which can exceed 6 years" to "a period which can exceed 3 years"), which was what the Goodman Committee and the National Council of Social Service asked for.

*Yours,
Richard*

(R.I. TOLKIEN)
Private Secretary

M.A. Pattison, Esq.,
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10, Downing Street

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