

FROM: D A LAVERY
CENT SEC
17 December 1996

cc PS/PUS (B&L) - B
Mr Thomas - B
Mr Watkins - B
Mr Bell - B
Mr Blackwell - B
Mr Stephens (B&L) - B
Mrs Madden - B
Mr Maceabe - B
Mr Carson - B
Mr Jones
Mr Whysall (B&L) - B
Mr Jagelman - B
Mr Dickinson, TAU
Mr Crooks

17 DEC 1996

J. MCKERVILL
P. O'BRIEN
J. BLACK
A. McVIECH

Mr Hill (B&L) - B

PAYE: TAXATION OF NORTHERN IRELAND FORUM MEMBERS AND TALKS REPRESENTATIVES

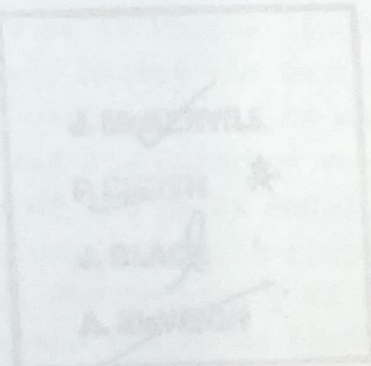
1. I have now seen a copy of Ray Jones' minute to you of 13 December outlining 3 possible options for handling the PAYE liability of Talks/Forum delegates.
2. Clearly, FSD have achieved a considerable measure of success in negotiating exceptional treatment with the Controller of the Inland Revenue.
3. The only practical point which occurs to me is that, while I would be supportive of option (iii) (as identified in paragraph 5 of Mr Jones' minute), I wonder whether it might not be more appropriate for us to agree to pay the grossed-up amount until the end of the current Financial Year, with the new discounted rates of payment taking effect from 5 April 1997. While I recognise that this would increase the cost of grossing-up, it would have the benefit of sheltering until the last feasible moment the delegates from what will appear to them to be an abrupt and unwelcome reduction in their payments. There would also seem to be an attraction in aligning

This change to the Financial Year. It would also mean that we are that much nearer the time when the Talks will have to be suspended pending the General Election.

4. Finally, I cannot see any basis on which the Irish Government would agree to contribute to our liability under any variant of this scheme.

Signed

D A LAVERY



cc PS/Secretary of State (S&L) - 2
 PS/Sir John (S&L) - 2
 PS/Sir David (S&L) - 2
 PS/PUS (S&L) - 2
 PS/Sir David (S&L) - 2
 Mr Thomas - 2
 Mr Steele - 2
 Mr Leach - 2
 Mr Ball - 2
 Mr Watkins - 2
 Mr Stephens - 2
 Mr Wood (S&L) - 2
 Mr Beeton - 2
 Mr Brooker - 2
 Mr Hill (S&L) - 2
 Mr Lavery - 2
 Mr Macdonald - 2
 Mr Perry - 2
 Mr Priestley - 2
 Ms Bharucha - 2
 Ms Mapstone - 2
 Mr Whysall (S&L) - 2
 Ms Collins, Cab Off (via IPL) - 2
 Mr Dickinson, TAU - 2
 Mr Lamont, RID FCO - 2
 IDMA Dublin - 2
 Mr Jones, NO (via IPL) - 2
 Mr Westmacott (via RID) - 2
 Mr Campbell-Bannerman - 2
 Mrs McNally (S&L) - 2
 Mr Holmes, No 10

NOTE FOR THE RECORD

TALKS SUMMARY: 17 DECEMBER 1996

There was an official level bilateral with the Irish Government in the morning. In the afternoon, the Secretary of State and Michael Annett met the DUP, the Alliance Party, the SDLP and the Independent Chairman.

All were agreed that there was no prospect of reaching

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