

NOTE OF MEETING HELD ON THE 9TH JANUARY 2015

CUSTOMER: INDEPENDENT PARLIAMENTARY STANDARDS AUTHORITY (IPSA)

ATTENDEES AT MILLBANK OFFICE:

[Names redacted]

Introductions

1. [...]
2. [Name redacted] explained the role of the Customer Relationship Manager as the single point of contact for IPSA in respect of compliance issues as well as a route to escalate issues.
3. [Name redacted] was responsible for directing compliance activity with IPSA and determining the risk status of IPSA. [Name redacted] highlighted that since the last meeting very little active HMRC work had been undertaken with IPSA and that the organisation was considered to be low risk. He stated that he would be looking to undertake a risk assessment in 2015 to officially designate IPSA as either non-low or low risk.

Dispensation Changes

4. [Name redacted] provided background as to the dispensation process. He explained that where non-taxable expenses were paid to employees this would have to be included in their income and that they could claim a deduction through their tax return / or in a claim to HMRC.
5. This was tax neutral from a tax perspective and therefore employers could apply for a dispensation to cover these types of expenses (wholly and exclusively incurred by the employee for the performance of the duties) to avoid the need to follow the above procedure.
6. From April 2016 it was envisaged that the Dispensation reporting process would be removed. In practice this would mean that employers no longer need to advise HMRC through the dispensation procedure which expenses would be treated in this way. Employers would then only need to ensure that the taxable expenses and benefits are taxed/ reported correctly.

IPSA Current Arrangements

7. [Name redacted] queried how the current expenses covered by the dispensation were notified to the MP's. [Name redacted] explained that these were not and it was unclear whether MP's were then claiming expenses that had been dispensed with as deductions in their self-assessment tax returns or only claiming those non-taxable expenses that were not covered by the dispensation. HMRC would review this in further detail with IPSA at the next meeting.
8. [Name redacted] explained that at present the claim system was based on categories of expenditure that the MP's could claim. The categories were not set up to identify whether the expenditure incurred would be taxable or non-taxable and therefore it was likely that some of the categories would include both types of expenditure. IPSA

was currently unable to identify these differences within the categories and therefore this was also considered a risk area. This would be reviewed at a further meeting.

9. [Name redacted] explained that some taxable expenses were paid gross and reported through the P11D and that this was a historical practice. [Name redacted] confirmed that the P11D should be used to report benefits in kind rather than reimbursement of taxable expenses and that this would be reviewed in conjunction with the previously discussed areas.

Consultation Review

10. [...]
11. [...]
12. **Travel & Subsistence Changes;** [Name redacted] confirmed that there were no issues from the HMRC perspective on the proposed changes.
13. [...]
14. [...]
15. [Name redacted] confirmed that it was useful to be kept abreast of changes but highlighted that ultimately HMRC was not concerned about the expenses that were paid to MP's but that IPSA as the 'employer' correctly dealt with these for tax purposes.

Other Issues

16. [Name redacted] sought clarification on the relationship / role of IPSA with respect to the following areas with MP's and the scope of interaction.
17. [...]
18. [...]
19. [...]
20. [...]
21. [...]
22. [...]

Next Actions

23. It was agreed to hold a further meeting in the next three weeks to review the issues highlighted in this meeting and the impact on IPSA of the dispensation changes.

24. IPSA would undertake some work to be able to provide information about the issues highlighted today. [Name redacted] would involve a tax specialist to highlight specifically what would need to be reviewed as part of this.

[Name redacted]
13th January 2015