

[REDACTED]

From: [REDACTED]@hmrc.gsi.gov.uk
Sent: 13 September 2011 13:11
To: [REDACTED]
Cc: [REDACTED]@hmrc.gsi.gov.uk; [REDACTED]@hmrc.gsi.gov.uk
Subject: RE: Insurance query

[REDACTED] – yes, fine, sorry my mistake!

[REDACTED]

From: [REDACTED] [mailto:[REDACTED]@parliamentarystandards.org.uk]
Sent: 13 September 2011 12:38
To: [REDACTED] (LocalCOMP I&PB Public Bodies)
Cc: [REDACTED] (LocalCOMP I&PB Public Bodies PD1); [REDACTED] (PSN)
Subject: RE: Insurance query

[REDACTED]

Thanks again. Just one additional point to note on rereading your email – we did not include insurance on the P11Ds as it is included in our PAYE settlement, so we will settle the tax on it with you.

Kind regards,

[REDACTED]

From: [REDACTED]@hmrc.gsi.gov.uk [mailto:[REDACTED]@hmrc.gsi.gov.uk]
Sent: 13 September 2011 10:51
To: [REDACTED]
Cc: [REDACTED]@hmrc.gsi.gov.uk; [REDACTED]@hmrc.gsi.gov.uk
Subject: RE: Insurance query

[REDACTED]

Thanks for your email.

As I said in my previous email, we were unable to be specific enough about the sorts of expenses included under this miscellaneous category and so we did not consider it to be possible to include in a dispensation.

We also do not consider that these 3 types of insurance would qualify for tax relief under the general rule in S336 ITEPA 2003.

In addition, these debts are paid by IPSA on behalf of the member. This makes them pecuniary liabilities; such liabilities are personal by their very nature and so again they will not qualify under S336.

In conclusion, we do not consider that tax relief is due on these types of expense and so they are not appropriate to a dispensation. They should be taxed and so included on the P11Ds.

Please let me know if you need any further assistance.

Regards,

Government Departments Team
Public Bodies Group
HM Revenue and Customs
Tel. 0207 [REDACTED]

From: [REDACTED] [mailto:[REDACTED]@parliamentarystandards.org.uk]

Sent: 06 September 2011 13:55

To: [REDACTED] (LocalCOMP I&PB Public Bodies)

Subject: RE: Insurance query

[REDACTED]

Thanks very much for checking on the reasons for this for me, and responding so quickly. I do remember our discussions about "miscellaneous" as an expense category, and that, understandably, HMRC couldn't provide dispensations where it was not possible to list all the specific expense types included under that heading.

However, I am not sure that this is the case with "Miscellaneous – insurance". Although this is listed under "miscellaneous" as it comes from outside the other budgets (i.e. accommodation, staffing etc), we can in fact be specific about all the types of insurance this category will include. As defined in the expense description and at 10.8 of the 3rd edition of the Scheme, it will cover:

1. Employer's liability insurance;
2. Public liability insurance; and
3. Travel insurance to cover specifically journeys which are necessary for parliamentary functions and are to the parliaments of Council of Europe member states or agencies and institutions of the EU (journeys under 9.2e of the Scheme).

Given we can define exactly what this category will include despite its heading as "miscellaneous", I wonder whether this should in fact be taxed. I'd be very grateful for your advice.

Thanks for your help.

Kind regards,

[REDACTED]

From: [REDACTED]@hmrc.gsi.gov.uk [mailto:[REDACTED]@hmrc.gsi.gov.uk]
Sent: 06 September 2011 13:36
To: [REDACTED]
Subject: Insurance query

[REDACTED]

As discussed I have looked back at the communications over "insurance" and how this should be taxed. Originally this arose out of discussion of the "Miscellaneous" category of expense paid by IPSA. We analysed everything being paid out under "misc" very carefully as we need to be sure of exactly the type of expense being paid in order to allow it in the dispensation. If categories are sufficiently general we were unable to allow them to be included, eg. "contingency" and "other". Within the entire "Miscellaneous" category obviously there was more room for uncertainty than anywhere else. As such we cannot allow a category called "Miscellaneous insurance" to be included in the dispensation.

I would remind you that under the general rule in S336, the expense must be incurred wholly, exclusively and necessarily in the performance of the parliamentary duties. This test can give different results than the test for IPSA's expense scheme.

I hope that this helps.

Regards,

[REDACTED]

[REDACTED]

Government Departments Team

Public Bodies Group

HM Revenue and Customs

Tel. 0207 [REDACTED]

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