

Tom Jenkins

From: [REDACTED]@hmrc.gsi.gov.uk
Sent: 20 July 2011 17:38
To: [REDACTED]
Cc: [REDACTED]@hmrc.gsi.gov.uk; [REDACTED]@hmrc.gsi.gov.uk
Subject: RE: Follow up on media reports

Follow Up Flag: Follow up
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[REDACTED]
I referred your response to [REDACTED]

We note that IPSA considers this type of expense is incurred by Members wholly, exclusively and necessarily in the performance of their parliamentary functions.

We have discussed with IPSA the meaning of "wholly, exclusively and necessarily in the performance of the duties" for tax purposes, as set out in section 336 ITEPA 2003 (general rule for expenses incurred by employees). We have explained that the test applied by IPSA, and that applied by HMRC may not always be the same. This is because the tax test is long established and underpinned by case law. It is also worth mentioning that it applies to employees generally rather than just members. This contrasts with the "necessary for the performance of the member's parliamentary duties" test in section 293A which is a fairly new provision and does, of course, only relate to MPs.

IPSA appear to be making tax free reimbursements for these expenses under S336 and not S293A. Even allowing for the unique position of MPs it would be difficult to see how such an expense is necessarily incurred in the performance of their duties. The expense will fail to meet the "necessary" test in S336 and would not therefore be eligible for a tax deduction under S336. As such, these expenses are not paid under the terms of any of the dispensations issued to IPSA, and so we require such payments to be reflected on a P11d.

There are lots of employers who pay expenses that they consider are necessary but HMRC would not accept they are allowable deductions for employees. Accordingly, HMRC will need to consider each expense paid by IPSA on that basis, and in this particular case, we don't think that they would qualify for a deduction under the general expenses rule.

Please contact me once you have had a chance to consider this. In particular I am keen to know about any other expenses paid out by IPSA which may fall into this category. I am not in the office until Wednesday 27th July after today so I would suggest you contact [REDACTED] in the first instance, if before Wednesday.

Regards,

[REDACTED]

[REDACTED]

Government Departments Team

Public Bodies Group

HM Revenue and Customs

Tel. 0207 [REDACTED]

From: [REDACTED] [mailto:[REDACTED]@parliamentarystandards.org.uk]
Sent: 14 July 2011 14:09
To: [REDACTED] (LocalCOMP I&PB Public Bodies)
Subject: RE: Follow up on media reports

IPSA will only reimburse MPs for costs where they are incurred wholly, exclusively, and necessarily in the performance of their parliamentary functions, but not otherwise (please send Fundamental Principle 2 of the Scheme).

I believe the organisation that the Mail reported on offers a service to enter an MP's parliamentary expense claims to IPSA. This is no different than a member of staff submitting their expenses, -it's a paid-for service and permissible under the Scheme. Accountants are also an allowable expense as long as the work being claimed for is for their parliamentary expenses, and not any other non-parliamentary accounts.

Hope that helps,

[REDACTED]
[REDACTED]
[REDACTED]
Independent Parliamentary Standards Authority (IPSA)

7th Floor, Portland House

Bressenden Place

London SW1E 5BH

Tel: 0207 [REDACTED]

www.parliamentarystandards.org.uk

From: [REDACTED]@hmrc.gsi.gov.uk [mailto:[REDACTED]@hmrc.gsi.gov.uk]

Sent: 14 July 2011 12:48

To: [REDACTED]

Subject: RE: Follow up on media reports

[REDACTED]
Yes I was referring to the Mail report. Would IPSA consider that this type of expense was necessary for the performance of the Member's parliamentary functions? Furthermore, would this not fall under the category of "personal accountancy" which is specifically excluded under S6.6e (3rd scheme)?

We are concerned that these costs are personal rather than wholly, exclusively and necessarily incurred for the purposes of the Member's parliamentary function. This will obviously have an impact on the tax position and we will need to consider this further.

Regards,

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

From: [redacted] [mailto:[redacted]@parliamentarystandards.org.uk]
Sent: 14 July 2011 12:15
To: [redacted] (LocalCOMP I&PB Public Bodies)
Subject: RE: Follow up on media reports

Hi [redacted]

Are you referring to the piece that was in the Mail on Sunday? MPs can claim for bought-in services (out of their Staffing budget) and professional services (out of their OCE budget), depending on the nature of the work. Any claims would come out of the appropriate budget and published in normal fashion on our website.

Kind regards,

[redacted]

[redacted]

[redacted]

Independent Parliamentary Standards Authority (IPSA)

7th Floor, Portland House

Bressenden Place

London SW1E 5BH

Tel: 0207 [redacted]

Error! Hyperlink reference not valid.

From: [redacted]@hmrc.gsi.gov.uk [mailto:[redacted]@hmrc.gsi.gov.uk]
Sent: 14 July 2011 12:00
To: [redacted]
Subject: Follow up on media reports

[redacted]

We noticed that the media carried reports this weekend relating to IPSA paying expenses to Members from the OCE budget to cover completion of expenses claim forms.

Please could you clarify whether these reports are correct? If so, please could you explain on what basis you are accepting such claims?

Regards,

[REDACTED]

[REDACTED]

Government Departments Team

Public Bodies Group

HM Revenue and Customs

Tel. 0207 [REDACTED]

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