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HELP SHEETS AND LEAFLETS

Help Sheets and leaflets giving more detailed information about particular tax rules for the Parliament Pages are available from the Orderline:

- IR125: *Using your own car for work*
- IR204: *Lump sums and compensation payments*
- IR206: *Capital allowances for employees and office holders* *
- Booklet 480: *Expenses and Benefits - A Guide to Tax*

The booklet *MPs, Ministers and Tax* contains background information which might also be useful.

* copy enclosed with these Notes

Filling in the Parliament Pages

The word 'office' is used in these Notes to include the office held as an MP, as an MP and Minister, or as a Minister in the House of Lords. Also 'P11D' means P11D, P9D or equivalent information.

The Parliament Pages cover only your Parliamentary income; make sure you also complete other Pages appropriate to your circumstances.

Gather together the material you need, for example:

- your P60, a Fees Office form or Government Department form showing pay and tax details for the year
- your Notices of Coding (P2) for 1999-2000 and 2000-2001
- a form P11D or equivalent statement from the Fees Office or Government Department giving details of any benefits and expenses you have received in the year
- receipts for any allowable expenditure you have incurred
- any of the Help Sheets you think you need.

These Parliament Pages are based on the Employment Pages. However, fewer boxes are needed, so some box numbers are missing.

If you were in office on 5 April 2000

Your P60 should show the total pay and tax from your office (as well as from previous employments during the year). Your P45(Part 1A) should, if you had one, also show pay from previous employments. Do not include in the Parliament Pages any amounts on your P60, or P45(Part 1A) relating to employment other than from your office of MP or Minister.

If you were a Member of Parliament

Fill in **one** copy of the Parliament Pages - but see below if you were also a Minister.

If you were a Minister in the House of Lords

Fill in **one** copy of the Parliament Pages - but see below if you changed offices.

If you were a Minister in the House of Commons

Fill in **one** copy of the Parliament Pages for your income as an MP and **one** relating to your Ministerial office - but see below if you changed office.

If you changed Parliamentary office during the year

Fill in a **separate** copy of the Parliament Pages for **each** office from which you received any income in the year ended 5 April 2000.

If you held office as an MP or Minister and a non-Parliamentary office or employment at the same time

Fill in your Parliament Pages for your Parliamentary income. Fill in a separate set of Employment Pages for each non-Parliamentary employment from which you received any income.

Details of office

boxes 1.3, 1.4 and 1.6 Give the dates you became, or finished being, an MP or Minister if these are between 6 April 1999 and 5 April 2000. Tick box 1.6 if you held ministerial office during this period.

Income from office■ **Money**

boxes 1.8 and 1.10 Enter in the boxes the money you received as an MP or as a Minister.

Your P60 will show figures for pay and tax from the office you held at 5 April 2000. If you had more than one office or were unemployed during the year to 5 April 2000, the form may also include a second set of pay and tax details for your previous offices and any taxable Jobseeker's Allowance or Incapacity Benefit you received. The details for previous offices or Jobseeker's Allowance or Incapacity Benefit received will be added together in the figures on your P60. So you may need to refer to other records (such as payslips, forms P45(Part 1A), or statements of taxable benefit) to work out:

- the figures for pay from the earlier offices to go in each copy of the Parliament Pages you complete (one for each office); **and**
- the figures for Jobseeker's Allowance or Incapacity Benefit that go on page 4 of your Tax Return. Make sure that you do not include figures for Jobseeker's Allowance or Incapacity Benefit in the Parliament Pages (or any copies of the Employment Pages you fill in).

Some of the more common items to be included are explained in the 'Money payments' section below. If you received an item or payment in connection with your office and are not sure whether to include it, contact your Inland Revenue office or tax adviser for advice.

General rule

Include all income received in the year.

The amounts you enter in boxes 1.8 and 1.10 should include **all** the income you received in the 1999-2000 tax year as an MP or Minister even if you earned it in an earlier tax year or you have been paid for work not yet done.

You will be treated as if you received this income on the earliest of:

- the date when the payment, or payment on account, was made, **or**
- the date you became entitled to be paid.

This is so even if you were not paid until later, or received no actual payment because you arranged for the sum due to you to be applied in some other way instead.

● **Money payments**

For every item you must enter the amount **before** deducting any expenses you wish to claim.

Money payments you should include in boxes 1.8 and 1.10 are:

- your salary as an MP or Minister (box 1.8)
- statutory sick pay and statutory maternity pay except when paid by the DSS (box 1.8)
- payments from third parties where the payment is made as a reward for services given in your capacity as MP or Minister (box 1.10)
- payments received from third parties which are for services yet to be given in your capacity as MP or Minister (box 1.10).

Items you should not include in boxes 1.8 and 1.10 are:

- benefits and expenses payments received - these go in boxes 1.13 to 1.23
- lump sums paid in connection with termination of office, retirement or death. Enter these in boxes 1.24 to 1.29
- payments made to the Parliamentary Pension Scheme.

If you have received a lump sum payment, for example a redundancy payment, that you have to enter in boxes 1.24 to 1.29, **and** the payment was taxed and included in the pay and tax figures on your P45, make sure you deduct it from the figure you enter in box 1.8.

● **Tax deducted**

box 1.11 Enter in box 1.11 the amount of any tax deducted from the amounts shown in boxes 1.8 and 1.10.

Use the P60 or P45(Part 1A) figure for box 1.11 even if you have made an adjustment in box 1.8 because you need to complete boxes 1.24 to 1.29.

■ **Benefits, expenses and balancing charges**

The Fees Office or your Government Department are required to send the Inland Revenue details of all benefits provided to you by reason of your office. They also give details of taxable expenses paid to you. The Fees Office or Department will give you details.

The details you get will not include any items for which the Fees Office or Department has a **dispensation**. You do not need to refer to these items. (A **dispensation** is an arrangement the Fees Office or Department may have made with the Inland Revenue office. It saves you the trouble of including as income a benefit or expenses payment you receive as an MP or Minister and then making a matching claim for the allowable expenses you incur.)

● **Travel warrants, vouchers etc.**

box 1.13 Your Parliamentary income includes the value of any vouchers provided to you (or your family or household) by reason of your office as an MP. Where you have travelled by rail, sea or air and made use of travel warrants, the Fees Office, using criteria provided by the Inland Revenue, will report to the Inland Revenue office and yourself the cost of journeys which are not clearly business journeys. All business journeys falling within the provided criteria are covered by a 'dispensation' and you do not have to enter them in your Tax Return.

Enter in box 1.13 the figure advised to you by the Fees Office for non-business journeys. If you believe this figure covers more than your private journeys, you can claim in box 1.32 the amount that relates to business travel. If you would like further explanation please contact your Inland Revenue office or tax adviser.

● **Accommodation excluding Additional Cost of Living Allowance**

box 1.14 Your Parliamentary income includes the value of any accommodation and ancillary services (for example, heating, lighting, cleaning) you (or your family or household) get by reason of your office as an MP. (Any accommodation you have by reason of another office or employment should be shown on separate Pages covering that office or employment.) However, the value of some accommodation is exempt from tax, for instance, if there is a special threat to your security and the accommodation is provided as part of special security arrangements. If you have agreed with your Inland Revenue office that your accommodation is exempt then, unless circumstances have changed, do not enter anything in box 1.14 for the value of the accommodation. However, there is a charge to tax on the ancillary services. This is normally limited to 10% of the salary of the office concerned. Enter this value in box 1.14.

- Mileage allowances - your own car
- your own bicycle

box 1.15*Your own car*

If the Fees Office or a Government Department pays you an allowance for using your own car for Parliamentary business, the amounts you receive may be more than the cost of the journeys. The extra is a taxable profit. The Fees Office or Department should provide you with a profit figure for the year based on the Inland Revenue authorised tax-free mileage rates. You can enter this figure in box 1.15. If the amount you receive is less than the costs of your journeys, you can claim tax relief for the difference by including it in box 1.35.

If:

- you have not received details, **or**
- you want to work out the amount of any taxable profits or relief on the basis of the allowances you received and the actual costs of using your own car on Parliamentary business, **or**
- you need more information,

please ask the Orderline for leaflet *IR125: Using your own car for work*.

Your own bicycle

The same applies if you are paid a mileage allowance for using your own bicycle for Parliamentary business. If the amount you receive is more than the cost of your journeys, the extra is taxable profit and should be included in box 1.15. If the amount you receive is less than the costs of your journeys, you can claim tax relief for the difference by including it in box 1.35.

You can use the authorised cycling mileage rate (12p per mile from 6 April 1999) to calculate the costs of your journeys. Alternatively, you can claim for your actual costs of cycling on Parliamentary business, including a proportion of any repairs or replacement parts and capital allowances for some of the cost of the bicycle. To support a claim for actual costs you will need to keep receipts for all your expenses.

Mileage Allowances paid by the Fees Office for private journeys, whether by car or by bicycle, are taxed and included in the total on your P60 at the end of the year. You do not need to include anything for these private journeys in box 1.15.

- Office Costs Allowance: non-capital items

box 1.16

You may receive from the Fees Office sums to reimburse you for expenses you incur, in the performance of your duties as an MP or Minister, on running an office or on secretarial and research assistance. All these sums are taxable. (Claim any expenses allowable for tax purposes by filling in boxes 1.32 to 1.35.)

Enter in box 1.16 the amount reimbursed or paid to you, or on your behalf, by the Fees Office for the day to day running expenses of your office. The Fees Office should provide you with details. Do not include in box 1.16 any amounts for the purchase of office equipment as this is capital - use box 1.17 instead.

Examples of sums to be included in box 1.16 are those you receive which cover:

- office expenses - day to day things like heating, lighting, telephone, post, stationery
- secretarial and research assistance - salary, employer's National Insurance Contributions, payments to casual assistants.

Do not include as income sums paid by the Fees Office as a contribution towards the pensions for secretaries and research assistants. Nor should you claim an allowance for these sums.

The sums are taxable and allowable in identical amounts and the Inland Revenue have agreed that they do not need to be put on your Tax Return.

- Office Costs Allowance: capital items

box 1.17

Under the Office Costs Allowance rules, the Fees Office can reimburse to you the cost of office equipment such as a word-processor, a personal computer or mobile telephone. You are taxable on this reimbursed sum. Enter in box 1.17 any sums reimbursed to you or paid on your behalf for office equipment bought during the year. The Fees Office should provide you with details. (If you want to claim capital allowances fill in box 1.35.)

- Financial Assistance Fund

box 1.18

If, as an Opposition Spokesperson, you receive payment from the Financial Assistance Fund, it is taxable as your income (in the same way as the Office Costs Allowance).

Enter the amount you have received in box 1.18. (Any allowable expenses you incur on your Parliamentary duties can be claimed on Page MP2.)

- Other cash reimbursements

box 1.19

Enter in box 1.19 any reimbursements made to you by the Fees Office for vehicle hire costs, taxi fares or any taxable reimbursement not entered elsewhere in these Pages. Any claim for tax relief for these payments can be made in boxes 1.32 to 1.35.

- All other benefits

box 1.22

The Fees Office or your Department should have given you details of other benefits. (Those mentioned in boxes 1.13 to 1.19 are the most common.) Enter in box 1.22 the total cash equivalent of any other benefits you receive as an MP or Minister not specifically mentioned elsewhere.

Cash equivalents of other benefits

Cash equivalents are arrived at in different ways, according to the type of benefit.

Assets (other than land and motor vehicles) provided for private use

Where the asset has been available throughout the year the cash equivalent will generally be based on:

- 20% of its market value when it was first used to provide a benefit **plus**
- expenses (other than the cost of acquiring it) incurred in connection with it which would not have been incurred but for the provision of the benefit.

But if that total represents benefits provided for more than one employee the cash equivalent for each will be based on a proportion of the whole amount. The cash equivalent is reduced by any amount made good to the provider in return for the benefit. For more information, ask your Inland Revenue office or tax adviser.

All other benefits

The cash equivalent will generally be what the benefit cost the person who provided it (less any amount made good to the provider). This cost is the amount which the provider would have saved if the benefit had not been provided. But if that amount represents benefits provided for more than one employee the cash equivalent for each will be based on a proportion of the whole amount. For more information see booklet 480, *Expenses and Benefits - A Tax Guide* available from the Orderline.

Make sure you include in box 1.22 the benefit of a car, or car and fuel, made available to you by reason of your office as an MP. Do not include in box 1.22 the benefit of a car, or car and fuel, or other benefits made available to you by reason of a non-Parliamentary office or employment. Enter the benefit on the appropriate set of Employment Pages you fill in.

Some of the more common benefits are listed in the Working Sheet below to help you arrive at a total for box 1.22.

Working Sheet for box 1.22

Assets provided for private use	£
Home telephone(s)	£
Subscriptions and professional fees	£
Goods or services provided	£
Nursery places provided (in some circumstances this benefit is not chargeable - see booklet 480)	£
Educational assistance provided (in some circumstances this benefit is not chargeable - see booklet 480)	£
All other benefits	£
Total	A £

Copy the figure in box A to box 1.22 in the Parliament Pages.

● Balancing charges

box 1.23 When the Fees Office reimburses you, or pays on your behalf, the cost of buying office equipment, the sums are taxable.

You can claim tax relief for the annual depreciation of equipment which you need to use in carrying out your duties as an MP or Minister. This relief is called 'capital allowances'. Sometimes, when an item of equipment is sold or given away, some of the capital allowances will be recovered. This is called a 'balancing charge'.

A detailed explanation of how capital allowances are worked out is given in *Help Sheet IR206: Capital allowances for employees and office holders* a copy of which is enclosed. If you need further guidance, ask your Inland Revenue office or tax adviser.

■ Lump sums and compensation payments or benefits

boxes 1.24 to 1.29 Different rules apply to different types of lump sum payments connected with your duties as an MP or Minister. If, during 1999-2000, you received a lump sum or compensation payment from the Fees Office such as, for example, a Resettlement Grant, please ask the Orderline for *Help Sheet IR204: Lump sums and compensation payments*. You will need this to fill in boxes 1.24 to 1.30.

box 1.30 Enter in box 1.30 the amount of any tax deducted from lump sums and compensation payments.

■ Expenses paid out by you

boxes 1.32 to 1.35 This section explains the rules for claiming expenses necessarily incurred in performing your duties as an MP or Minister. Please note that the Fees Office may make payments for you, which are not tax deductible.

Dispensations

Do not include in your claim any expenses which you have paid if:

- you can claim them back from the Fees Office or your Department, **and**
- the expenses are covered by a **dispensation**.

(If you are uncertain whether the Fees Office or Department has a dispensation you should ask for details. Also see the section headed 'Benefits, expenses and balancing charges' on page MPN2.)

However, if you have incurred allowable expenditure over and above the amount covered by the dispensation you may be entitled to claim a deduction for the excess.

● Travel warrants

box 1.32 Journeys which you undertake by rail, sea or air which are paid for by travel warrants are scrutinised by the Fees Office using criteria supplied by the Inland Revenue.

The Fees Office will report to the Inland Revenue and to you, details of the amounts expended on journeys which are not clearly considered business journeys. If you think the amount for private journeys is incorrect you should enter in box 1.32 the amount that you believe relates to business journeys.

● Secretarial and clerical, and research assistance

box 1.33 You can claim the expense of employing secretarial, clerical and research assistants when necessarily incurred in performing your duties as an MP or Minister. The claim will usually equal the amount of your Office Costs Allowance used for these staff expenses. The Fees Office will provide you with details.

Enter **separately** in the 'Additional information' box on Page MP2, the amount of payments to:

- secretarial and clerical assistants; **and**
- research assistants.

Add these amounts up and enter the total in box 1.33.

These payments include payments you made from your own funds, or out of the Financial Assistance Fund, and those notified to you by the Fees Office.

The total expenses cannot exceed the income from your office including payments out of the Financial Assistance Fund and payments notified to you by the Fees Office.

● Office expenses

box 1.34 Enter in box 1.34 the total spent during the year on the day to day running of your office, for example, on heating, lighting, telephone, post, stationery. The figure will often correspond to the amounts that have been paid to you or on your behalf by the Fees Office for those sorts of items. The Fees Office will give you details.

If, during the year, you have paid amounts other than through the Fees Office, put the total of these amounts in box 1.34. However, do not include anything in box 1.34 which in any way relates to properties against which you have made a claim to the Fees Office for Additional Cost of Living Allowance.

● Other expenses and capital allowances

box 1.35 Enter **separately** in the 'Additional information' box on Page MP2, the amount of:

- 'other' expenses; **and**
- capital allowances.

Add these amounts together and enter the total in box 1.35.

Other expenses

You can claim only the necessary expenses you incur solely in doing your work as an MP or Minister. Necessary expenses are those which each and every person doing your job would have to meet. The expenses have to be incurred in actually carrying out the duties of the job. So, for instance, expenses that put you in a position to do your job, rather than being incurred in the actual performance of it, are not allowable.

Most of the expenses which you can claim have been covered earlier. Exceptionally you may be able to claim for other expenses you incur in the performance of your duties, for example, payments you have entered in box 1.19 and which meet the qualifying conditions for tax relief. You may have agreed claims with the Inland Revenue on other items in the past. If so, you should calculate the amount of allowable expenses on the agreed basis. If you are uncertain about what you may be entitled to claim you should contact your Inland Revenue office for assistance before filling in box 1.35.

Capital allowances

Capital allowances will normally be available on the capital cost to you of equipment it is necessary for you to provide for use in carrying out your duties as an MP or Minister. *Help Sheet IR206: Capital allowances for employees and office holders* tells you how they are calculated. A copy is enclosed.

If during the year you start or stop using an item for your duties as an MP or Minister, the capital allowances are calculated as if you had bought or sold the item on that date. The amount used in the calculation of your allowances for such items is the market value at that date.

If your motor vehicle costs are dealt with under the Fixed Profit Car Scheme (FPCS) in box 1.15, do not claim capital allowances for that car - the FPCS already includes relief. If, however, you are claiming tax relief on the basis of the actual costs of using your own car on Parliamentary business, you can make a claim for capital allowances. Leaflet *IR125: Using your own car for work* explains how to do this.

Pension provision

Your salary as an MP or Minister falls within the formal pension scheme administered by the Fees Office/Public Trust Office. Therefore (unless you do not belong to the scheme) you are unable to claim relief for retirement annuity payments or personal pension contributions in relation to this income.

The Fees Office/Public Trust Office administers on behalf of Members an Additional Voluntary Contribution Scheme through Equitable Life. Ministers who are not Members of the House of Commons can belong to that scheme. Alternatively they may have similar arrangements made for them by their employing Department. Relief for contributions made to these schemes is given by deducting amounts paid from the salary payment before tax is charged. Therefore, you do not need to claim for these contributions. If you need help, the Fees Office and/or the employing Department will be able to advise you.

Limit on contributions

Your contributions to all schemes mentioned here must not, in aggregate, exceed a 15% limit of earnings (up to an earnings limit of £90,600 in some cases).

Retirement benefits schemes of employers

If you decide to make a lump sum contribution to the Fees Office/Departmental Scheme then, provided the contribution does not exceed the limit, enter the lump sum figure in box 14.16 on page 5 of your Tax Return. (Only claim for payments which have not been deducted at source from your salary before tax has been charged.)

Free-Standing Additional Voluntary Contributions schemes

You can pay up to 15% of your salary as an MP or Minister (up to the earnings limit of £90,600 in some cases), *minus* what you paid to other schemes mentioned above, to a Free-Standing Additional Voluntary Contributions (FSAVC) Scheme. You get relief automatically at the basic rate of tax on these payments when you pay them. If you are taxable at the higher rate, further relief is available. Enter the gross amount of the FSAVC payments in box 14.17 on page 5 of your Tax Return: this is the amount you actually paid to your FSAVC provider plus the tax relief which you deducted from the payment.

These notes are for guidance only, and reflect the position at the time of writing. They do not affect any rights of appeal.