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## HELP SHEETS

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

- IR204: Lump sums and compensation payments
- IR206: Capital allowances for employees and office holders \*
- Booklet 480: Expenses and benefits – A Tax Guide

\* copy enclosed with these Notes

### Filling in the Scottish Parliament Page

The word 'office' is used in these Notes to include the office held as an MSP, or as an MSP and Minister of the Scottish Executive. Also 'P11D' means P11D, P9D or equivalent information.

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

Gather together the material you need, for example:

- your P60 or an Allowances Office form showing pay and tax details for the year
- your PAYE Notices of Coding for 2005-06 and 2006-07
- a form P11D or equivalent statement from the Allowances Office or Scottish Executive 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 Scottish 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 2006

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 Scottish Parliament Pages any amounts on your P60, or P45(Part 1A) relating to employment other than from your office of MSP or Minister of the Scottish Executive.

Fill in your Scottish Parliament Pages for your Scottish 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** Enter the dates you became, or finished being, an MSP if these are between 6 April 2005 and 5 April 2006. 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 MSP/Minister of the Scottish Executive.

Your P60 will show the figure for pay and tax from the office you held at 5 April 2006. If you had more than one office, the form may also include a second set of pay and tax details for your previous offices. The details will be added together in the figures on your P60. You may need to refer to other records (such as payslips, forms P45(Part 1A), or statements of taxable benefit) to work out the figure for pay from the earlier offices to go in the Parliament Pages. If you were unemployed during the year, your P60 figure will include any Jobseeker's Allowance or Incapacity Benefit you received. Do not include these in the Parliament Pages (or any copies of the Employment Pages that you fill in). Instead you should enter any Jobseeker's Allowance in box 11.5 and any taxable Incapacity Benefit in boxes 11.8 and 11.9 of your Tax Return.

Some of the more common items to be included are explained in the 'Money payments' section on page MSPN2. If you received an item or payment in connection with your office and are not sure whether to include it, ask your HM Revenue & Customs office or your tax adviser for advice.

#### General rule

Include in boxes 1.8 and 1.10 all income you received as an MSP/Minister of the Scottish Executive in the year to 5 April 2006 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 earlier 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 MSP/Minister of the Scottish Executive (box 1.8)
- Statutory Sick Pay, Statutory Maternity Pay, Statutory Paternity Pay and Statutory Adoption Pay except when paid by us (box 1.8)
- payments from third parties where the payment is made as a reward for services given, or yet to be given, in your capacity as MSP/Minister of the Scottish Executive (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 1.14 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 Scottish Parliamentary Pension Scheme.

If you have received a lump sum payment, for example, a Resettlement Grant 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 taken off

**box 1.11** Enter in box 1.11 the amount of any tax taken off 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 have to complete boxes 1.24 to 1.29.

#### ■ *Benefits, expenses and balancing charges*

The Allowances Office or the Scottish Executive send us details of all benefits and taxable expenses you received by reason of your office. They also give you this information.

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

#### *Excess mileage allowances - using your own transport for Scottish Parliament business*

If you are paid an allowance for using your own transport, on Parliamentary business journeys, the rates paid by the Allowance Office exceed the statutory exemption for approved mileage allowance rates. The excess sum is taxable and will be included on the form P60.

#### • Accommodation excluding Overnight Subsistence Allowance

**box 1.14** Your Scottish 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 MSP. (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 us 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 usually limited to 10% of the salary of the office concerned. Enter this value in box 1.14.

#### • Members Support Allowance and Support Fund - employees and contingencies - non capital items

**box 1.16** Payments you receive from the Allowances Office to reimburse you for expenses you incur in the performance of your duties as an MSP/Minister of the Scottish Executive 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 1.33 to 1.35.)

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

Examples of sums to be included in box 1.16 are:

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

#### • Members Support Allowance - capital items

**box 1.17** Under the Members Support Allowance rules, the Allowances Office can reimburse to you the cost of office equipment such as a word-processor, a personal computer or mobile telephone which you buy. You are taxable on these reimbursed sums. The Allowances Office should provide you with the details. Enter in box 1.17. (If you want to claim capital allowances, fill in box 1.35.)

#### • Other cash reimbursements

**box 1.19** Enter in box 1.19 any reimbursements made to you by the Allowances 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 1.33 to 1.35.

#### • All other benefits

**box 1.22** The Allowances Office or the Scottish Executive should have given you details of other benefits. Those mentioned in boxes 1.14 to 1.19 are the most common. Enter in box 1.22 the total cash equivalent of any other benefits you receive, as an MSP/Minister of the Scottish Executive, not specifically mentioned elsewhere, for example, the cost of private bus or rail travel.

**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 us or your tax adviser.

**All other benefits**

The cash equivalent is generally what the benefit cost the person who provided it (*minus* any amount made good to the provider). If that amount represents benefits provided for more than one employee the cash equivalent for each is 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 MSP. 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 these in the Employment Pages of your Tax Return.

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 <b>not</b> chargeable - see booklet 480)	£
Educational assistance provided (in some circumstances this benefit is <b>not</b> chargeable - see booklet 480)	£
Travel ticket/season ticket for private journeys	£
All other benefits	£
<b>Total</b>	<b>A</b> £

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

- Balancing charges

**box 1.23** When the Allowances 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 MSP/Minister of the Scottish Executive. This relief is called 'capital allowances'. Sometimes, when you sell or give away an item of equipment, some of the capital allowances you have had 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 HM Revenue & Customs office or your 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. If, during the year to 5 April 2006 you received a lump sum or compensation payment from the Allowances 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 taken off lump sums and compensation payments.

**Expenses paid out by you**

**boxes 1.33 and 1.35** This section explains the rules for claiming expenses necessarily incurred in performing your duties as an MSP/Minister of the Scottish Executive. Please note that the Allowances 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 Allowances Office or the Scottish Executive, **and**
- the expenses are covered by a **dispensation**.

(If you are uncertain whether the Allowances Office or the Scottish Executive has a dispensation you should ask for details. Also see the section headed 'Benefits, expenses and balancing charges' on page MSPN2.)

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.

- Secretarial, clerical, research assistants and office expenses

**box 1.33** You can claim the expense of employing secretarial, clerical and research assistants when necessarily incurred in performing your duties as an MSP/Minister of the Scottish Executive.

You can claim the total spent during the year on the day to day running of your office, for example, on heating, lighting, telephone, post and stationery.

The figure in box 1.33 will often correspond to the combined amount of Members Support Allowance and Support Fund - employees and contingencies. The Allowance Office will provide you with details.

It will not include expenses met out of the Financial Assistance to Political Parties Fund. Such payments do not form part of your taxable income and tax relief is not available for the expenses they meet.

Enter **separately** in the 'Additional information' box, box 1.40 on Page MSP2, the amount of payments for:

- staff costs
- office running costs.

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

These payments include payments you made from your own funds and those notified to you by the Allowances Office. The total expenses cannot exceed the income from your office including all payments notified to you by the Allowances Office.

If, during the year, you have paid amounts other than through the Allowances Office, put the total of these amounts in box 1.33. However, do not include anything in box 1.33 which in any way relates to properties against which you have made a claim to the Allowances Offices for Overnight Subsistence Allowance.

- Other expenses and capital allowances

**box 1.35** Enter **separately** in the 'Additional information' box, box 1.40 on Page MSP2, 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 those expenses 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. The expenses that put you in a position to do your job, rather than actually doing it, are not allowable.

Most of the expenses which you can claim have been covered earlier. However, 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 us on other items in the past. If so, you should work out the amount of allowable expenses on the agreed basis. If you are uncertain about what you may be entitled to claim you should ask your HM Revenue & Customs office for help **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 MSP/Minister of the Scottish Executive. No allowance is available in respect of the IT and other 'equipment' provided for your use by the SPCB or for assets you buy for or to use in residential accommodation. In addition, with effect from 6 April 2002 you can not claim capital allowances for your motor vehicle. *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, then work out the capital allowances as if you had bought or sold it on that date, using the market value at the time.

## Student Loans

- **Student Loans repaid by deductions by the Allowance Office**

**box 1.39** Enter in box 1.39 the amount of Student Loan repayments deducted by the Allowances Office and included on your P60 or payslips. The P60 does not include Student Loan repayments deducted by any previous employer. So, if you are filling in more than one set of Scottish Parliament Pages (or Employment Pages for a non-Scottish Parliament employment) you must use your payslips, in addition to the P60, to work out the figures to go in box 1.39 on each set of Pages you fill in.

- **Pension provision**

Your salary as an MSP/Minister of the Scottish Executive falls within the formal pension scheme known as the Scottish Parliamentary Pension Scheme (SPPS) administered by the Scottish Public Pensions Agency (SPPA). 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.

SPPA will administer, on behalf of the members, an Additional Voluntary Contribution (AVC) Scheme. 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 Payroll Office 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 £105,600 in some cases).

#### Retirement benefits schemes of employers

If you decide to make a lump sum contribution to the Scottish Parliamentary Pension Scheme then, provided the contribution does not exceed the limit, enter the lump sum figure in box 14.10 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 MSP/Minister of the Scottish Executive (up to the earnings limit of £105,600 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 14.11 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.*