HM Revenue & Customs

The National Assembly for Wales notes

Tax year 6 April 2007 to 5 April 2008

These notes will help you to complete the *Assembly* pages of your Tax Return. The *Assembly* pages cover only your Assembly income; make sure you also complete any other pages appropriate to your circumstances.

Gather together the material you need, for example:

- your P60, a Fees Office form showing pay and tax details for the year
- your PAYE Notices of Coding for 2007-08 and 2008-09
- a form P11D or equivalent statement from the Fees Office 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.

The word 'office' is used in these notes to include the office held as an Assembly Member, or as an Assembly Member and Minister. Also 'P11D' means P11D, P9D or equivalent information.

If you were in office on 5 April 2008

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 *Assembly* pages any amounts on your P60, or P45 (Part 1A) relating to employment other than from your office of Assembly Member and/or Minister.

If you were a Member of the Assembly

Fill in one copy of the *Assembly* pages.

Income from office

1 **Payments from P60 (or P45 or payslips) – *before tax was taken off***

Enter the money you received as an Assembly Member or as a Minister.

Your P60 will show figures for pay and tax from the office you held at 5 April 2008. 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 figures for pay from the earlier offices to go in each copy of the *Assembly* pages you complete (one for each office).

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 *Assembly* pages (or any copies of the *Employment* pages that you fill in). Instead you should enter any Jobseeker's Allowance in box 14 and any taxable Incapacity Benefit in boxes 12 and 13 on page TR 3 of your Tax Return.

Some of the more common items to include 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, ask us or your tax adviser for advice.

General rule

Include in box 1 all the income you received as a Assembly Member and/or Minister in the year to 5 April 2008, even if you earned it in an earlier tax year or you have been paid for work not yet done.

Treat this income as if you received it 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 box 1 are:
- your salary as a Assembly Member and/or Minister
- Statutory Sick Pay, Statutory Maternity Pay, Statutory Paternity Pay and Statutory Adoption Pay except when paid by us
- payments from third parties where the payment is made as a reward for services given, or yet to be given, in your capacity as a Assembly Member and/or Minister.

Items you **should not** include in box 1 are:
- benefits and expenses payments received – these go in boxes 3 to 10
- lump sums paid in connection with termination of office, retirement or death. Enter these in boxes 3 to 9 of the 'Shares schemes etc.' section on page Ai 2 of the *Additional information* pages
- payments made to the Assembly Pension Scheme.

If you have received a lump sum payment, for example a Resettlement Grant which was taxed and included on your P45, and which you have entered in the lump sum boxes on your Tax Return, make sure you deduct it from the figure you enter in box 1.

2 **Tax taken off box 1**

Enter in box 2 the amount of any tax taken off the amounts entered in box 1.

The tax taken off will be shown on your form P60 or P45 (Part 1A). Enter this figure in box 2 even if you had to complete boxes 3 to 9 of the 'Shares schemes etc.' section on page Ai 2 of the *Additional information* pages to make an adjustment in box 1.

Benefits from your office

The Fees Office send us details of all benefits and taxable expenses you received by reason of your office. They will also give you this information.

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

3 **Family travel costs**

Your Assembly income includes the costs of family travel met by the Fees Office. Where you have made use of the allowance for family travel the Fees Office will report details to us and you. All family travel costs are taxable income.

Enter in box 3 the figure given to you by the Fees Office for family travel costs. If you believe this figure covers some allowable business travel costs (that is your spouse or civil partner undertook a journey in their capacity as your secretary or researcher), you can claim in box 11 the amount that relates to business travel. If you would like further explanation, please ask us or your tax adviser.

4 **Accommodation, excluding Additional Cost of Living Allowance**
Your Assembly income includes the value of any accommodation and ancillary services (for example, heating, lighting or cleaning) you (or your family or household) get by reason of your office as an Assembly Member. (Any accommodation you have by reason of another office or employment should be shown on separate pages covering that office or employment.) 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 do not enter anything in box 4 unless circumstances have changed. However, there is a charge to tax on the ancillary services. This is usually limited to 10% of your salary of the office concerned. Enter this value in box 4.

5 **Office Costs Allowance – *non-capital items***
Payments you receive from the Fees Office to reimburse you for expenses you incur, in the performance of your duties as an Assembly Member or Minister, on running an office or on secretarial and research assistance, are all taxable. (Claim any expenses allowable for tax purposes by filling in boxes 11 to 14.)

The Fees Office should provide you with details. Enter in box 5 the amount reimbursed or paid to you, or on your behalf. Do not include in box 5 any amounts for the purchase of office equipment as this is capital – use box 6 for this, instead.

Examples of sums to be included in box 5 are those you receive which cover:
- day to day office expenses like heating, lighting, telephone, postage and 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 any allowance for these sums. The sums are taxable and allowable in identical amounts and we have agreed that they do not need to be put on your Tax Return.

6 **Office Costs Allowance – *capital items***
Under the Office Costs Allowance rules, the Fees Office can reimburse you for the cost of office equipment such as a photocopier, personal computer or mobile telephone. You are taxable on these reimbursed sums. The Fees Office should provide you with the details. Enter the total in box 6. (If you want to claim capital allowances fill in box 14.)

7 **Group Support Allowance**
If, as a Party Leader, you receive payment of Group Support Allowance from the Fees Office, it is taxable as your income (in the same way as the Office Costs Allowance).

Enter the amount in box 7. (Any allowable expenses you incur on your Assembly duties can be claimed in boxes 11 to 14.) If, however, the allowance has been used to purchase equipment, relief for the amounts expended will have to be claimed in box 14.

8 **Other cash reimbursements**
Enter in box 8 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 11 to 14.

9 **All other benefits**

The Fees Office should have given you details of other benefits. Those mentioned in boxes 3 to 8 are the most common. Enter in box 9 the total cash equivalent of any other benefits you receive as an Assembly Member and/or Minister that you have not included elsewhere, for example, in boxes 3 to 8.

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.

If that total represents benefits provided for more than one Member the cash equivalent for each will be based on a proportion of the whole amount. It 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 Member, 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 9 the benefit of a car, or car and fuel, made available to you by reason of your office as an Assembly Member. Do not include benefits from any non-Assembly office or employment. Enter these on 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 9.

Working Sheet for box 9

Assets provided for private use		£
Home telephone(s)		£
Subscriptions and professional fees		£
Goods or services provided		£
Employer supported childcare (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 9 in the Assembly pages

10 **Balancing charges**
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. 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' and 'balancing charges' are worked out is given in these notes in the section 'What are capital allowances and balancing charges' which begins on page WAMN 6. If you need further guidance, ask us or your tax adviser.

Office expenses paid out by you

This section explains the rules for claiming expenses necessarily incurred in performing your duties as an Assembly Member and/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, and
- the expenses are covered by a dispensation.

(If you are uncertain whether the Fees Office has a dispensation you should ask for details. Also see the section headed 'Benefits from your office' which starts on page WAMN 2.)

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.

11 **Family travel costs**
Costs of family travel paid by the Fees Office will be reported by the Fees Office to us and you. If you think that any of the costs relate to allowable business journeys (that is your spouse or civil partner undertook a journey in their capacity as your secretary or researcher), you should enter in box 11 the amount that you believe relates to business journeys.

12 **Secretarial and clerical, and research assistance**
You can claim the expense of employing secretarial, clerical and research assistants when necessarily incurred in performing your duties as an Assembly Member and/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.

The figure should include payments you made from your own funds and those notified to you by the Fees Office.

The total expenses cannot exceed the income from your office including payments notified to you by the Fees Office.

13 **Office expenses**
Enter in box 13 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 will often correspond to the amounts that have been paid to you or on your behalf by the Fees Office for those sort of items. They 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 13. However, do not include anything in box 13 which in any way relates to properties against which you have made a claim to the Fees Office for Additional Cost of Living Allowance.

14 **Other expenses and capital allowances**

Enter in box 14 the total amount of any other expenses and capital allowances.

Other expenses

You can claim only those expenses which each and every Assembly Member and/or Minister would have to meet. The expenses have to be incurred in actually carrying out the official duties. Expenses that might put you in a position to do your official duties, rather than actually doing them, 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 8 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 us for help **before** filling in box 14.

Capital allowances

Capital allowances will usually be available on the capital cost to you of equipment you have to provide to carry out your duties as an Assembly Member and/or Minister. No allowance is available for equipment that has been provided to you under the Assembly arrangements for the supply of IT equipment or assets you buy for or to use in residential accommodation. In addition, you cannot claim capital allowances for your motor vehicle. The section below tells you how to work them out.

If during the year you start or stop using an item, for your duties as an Assembly Member and/or Minister, work out the capital allowances as if you had bought or sold it on that date using the market value at the time.

What are capital allowances and balancing charges?

This section tells you how to work out your capital allowances and balancing charges that go in boxes 14 and 10 of the *Assembly* pages. The examples on pages WAMN 14 and 15 show you what to do.

Capital allowances are a deduction from your taxable income. They are an allowance for the depreciation of assets or equipment that you have to provide to carry out your duties as an Assembly Member and/or Minister. Capital allowances are included in box 14 in the *Assembly* pages of your Tax Return.

You cannot claim capital allowances for a car, motorcycle or cycle - the approved mileage allowance rates include an element for depreciation.

Balancing charges are an addition to your taxable income. They sometimes arise when you sell assets or equipment on which you previously claimed capital allowances, or if you stop using them for your official duties. Balancing charges are entered in box 10 in the *Assembly* pages.

Which expenses qualify?

Capital allowances will normally be available on the cost to you of assets or equipment it is necessary for you to provide in carrying out your duties as an Assembly Member and/or Minister. Generally speaking, anything you use in your official duties that has a useful life of at least two years may qualify for an allowance. Typical examples are office equipment such as desks and filing cabinets.

Assets and equipment are regarded as 'necessary' if you could not do your official duties without them. They must be things that each and every Assembly Member and/or Minister would have to provide.

How are capital allowances calculated?

For 2007-08 there are two kinds of capital allowances:

- 'first year allowances' can be claimed on the cost of assets and equipment bought in 2007-08
- 'writing down allowances' can be claimed
  - on the cost of assets and equipment which you acquired in 2007-08 and on which you have not claimed first year allowances, and
  - on the value brought forward (the 'written down value') of items on which you claimed capital allowances for 2006-07.

First year allowances

Provided that you continued in office after 5 April 2008 you can claim a first year allowance at the 50% rate on the cost of assets and equipment bought in 2007-08.

If the asset is used only partly for your official duties the first year allowance is reduced accordingly.

Example 1

On 6 October 2007 Jane becomes a Member and has to spend £600 on a computer to enable her to carry out her official duties. She uses the computer 10% for private purposes and 90% for official duties. Jane claims a first year allowance for 2007-08 as follows:

Cost of computer	£600
First year allowance (50%)	£300
Allowance due (business proportion) £300 x 90%	**£270**
Value to carry forward to 2008-09 (£600 minus £300)	£300

Note: the full 50% first year allowance is due (subject to the restriction for private use) even though Jane's Membership started part way through the tax year.

If the asset is used wholly for official duties, the value carried forward should be included in the 'pool' of assets and equipment on which writing down allowances will be claimed for 2008-09 onwards (see the notes on Working Sheet 2 on page WAMN 9).

If the asset is used only partly for official duties, the asset stays out of the pool and writing down allowances for 2008-09 onwards will be calculated separately (see the notes on Working Sheet 3 on page WAMN 10).

First year allowances - other points to note

- You do not have to claim first year allowances. If you wish, you can claim writing down allowances instead. You can also claim first year allowances on part of the qualifying expenditure and writing down allowances on the rest.
- Provided that you continued in office after 5 April 2008, you can claim a first year allowance for 2007-08 even if you sell the items in question on or before 5 April 2008. In that case, any unrelieved balance (£300, in Example 1 above) does not have to be carried forward in full to 2008-09. You can take it into account in calculating a writing down allowance (or balancing allowance) for 2007-08 (see notes on Working Sheets 2, 4 and 5).

If you continued in office after 5 April 2008, use Working Sheet 1 to calculate your first year allowance for assets or equipment bought in 2007-08. If you want to claim first year allowance for more than one item:

- all the items that you use **wholly** for official duties can be included on the **same** Working Sheet
- **each** item that you use only **partly** for official duties must be entered on a **separate** copy of Working Sheet 1.

Working Sheet 1

Cost of item(s) bought in 2007-08	A	£
First year allowance due *Box A x 50%*	B	£
Business use proportion of box B (see Note 1) *Copy the figure in box C to box 14*	C	£
Value to carry forward (see Note 2) *Keep for next year's Assembly pages*	D	£

Note 1: if the asset is used wholly for official duties, the figures in boxes B and C will be the same.

Note 2: if the asset is used wholly for official duties, the value carried forward will be included in your 'pool' for 2008-09 (there is more about pooling in the notes about writing down allowances). If the asset is used only partly for official duties the value stays out of the pool and writing down allowances for 2008-09 will be calculated separately.

Writing down allowances

Except where first year allowances have been claimed (see page WAMN 7), the cost of assets or equipment that you use wholly for your official duties is added together to form a 'pool' of allowable expenditure. Writing down allowances are given for each tax year for which you continue to hold office at a rate of 25% of the unrelieved expenditure in the 'pool' at the end of the year (see Working Sheet 2).

Some items must be kept out of the pool, and you have to work out a separate capital allowance (or balancing charge) for each item. Those that require a separate calculation are:

- any assets or equipment that you use only partly for your official duties
- any assets or equipment on which you have made an election for 'short life asset' treatment (see page WAMN 12).

Time apportionment (writing down allowances only)

If you became a Member during the tax year the writing down allowances for the first year must be apportioned on a time basis. For example, if you became a Member on 6 June you would claim $^{10}/_{12}$ ths of the 25% allowance.

If you buy an asset or an item of equipment *part way* through the tax year you are still entitled to the full 25% writing down allowance as long as you were in the same office throughout that year.

Items used only partly for official duties

If you use the item only partly for your official duties the 25% writing down allowance is reduced in proportion to the amount of business use. For example, if a particular item was used three quarters of the time for official business and one quarter privately, you would claim three quarters of the 25% allowance.

Writing down allowances: 'pool' of assets and equipment used wholly for official duties

Use Working Sheet 2 to calculate your writing down allowance for assets or equipment that you use wholly for official duties (but not 'short life assets') and if you continued in office after the end of the tax year. If you ceased to be a Member during the year, use Working Sheet 4 instead.

The calculation in Working Sheet 2 is based on the 'pool' of unrelieved expenditure at the end of the year. This is made up of:

- any balance of unrelieved expenditure brought forward from 2006-07, plus
- the cost (including VAT) of any additional items bought in 2007-08 on which you have not claimed a first year allowance, minus
- the proceeds (sale or market value) from any equipment that you disposed of in 2007-08.

The writing down allowance due is 25% of the value of the 'pool' at the end of the year (calculated as above).

If during the year you start or stop using an item of equipment for your official duties, without actually buying or selling it, writing down allowances are calculated as if you had bought or sold the item on the date when you started or stopped using it. The amount used in the calculation of your allowances for such items is the 'market value' of the item at the date when you started or stopped using it for your official duties. That is, the amount that you could have got for it if you had sold it on the open market on that date.

If you have to use a 'market value' figure, say how you arrived at it in the 'Any other information' box, box 15 on page WAM 2 of your *Assembly* pages.

If you continued in office after the end of the tax year, use Working Sheet 2 to calculate your writing down allowance on items for which a first year allowance has not been claimed. If you ceased to be a Member in the year, use Working Sheet 4 instead.

Working Sheet 2

Pool value brought forward from 2006-07	A	£
Cost of assets or equipment bought in 2007-08 (or market value, if you started using for official duties an item bought in an earlier year), see Note 1	B	£
Sales proceeds of items sold in year (or market value of items that you stopped using for official duties without selling them), see Note 2. If the sale proceeds or value of any item are more than the original cost of that item, see Note 3	C	£
If C is more than A + B do not use this Working Sheet. Use Working Sheet 4. Value available for allowances *Box A + box B minus box C*	D	£
Writing down allowances due *Box D x 25%* *Copy the figure in box E to box 14*	E	£
Pool value carried forward *Box D minus box E* *Keep for next year's Assembly pages*	F	£

Note 1: if an item on which you have claimed a first year allowance in 2007-08 is sold on or before 5 April 2008, and if you have used it solely for your official duties, deduct the first year allowance from the original cost and add the balance (if any) to your pool for 2007-08.

Note 2: you must include the sale proceeds (if any) of items on which you claimed a first year allowance in 2007-08.

Note 3: if the sale proceeds or value of any item are more than the original cost of that item to you or anybody connected with you, enter the original cost instead. Help Sheet 293 *Chattels and Capital Gains Tax* explains how Capital Gains Tax may apply to these items.

Writing down allowances – other assets and equipment

Use Working Sheet 3 to work out your writing down allowance for any asset or item of equipment that is not included in Working Sheet 2 and on which you did not claim a first year allowance. These may be:

- assets or equipment that you use partly for private purposes
- any asset or equipment on which you have made an election for 'short life asset' treatment (see page WAMN 12).

The cost of these items is not 'pooled'. You have to calculate a separate capital allowance (or balancing charge) for each item.

The calculation follows the pattern of Working Sheet 2, but there is an extra step. See 'Items used only partly for official duties' on page WAMN 8.

Make a separate calculation for each item that is not included in the 'pool' in Working Sheet 2 and which you are still using for your official duties at the end of the tax year, and on which you did not claim a first year allowance in 2007-08.

If, at or before the end of the tax year, you:

- ceased to be a Member, or
- sold the asset or item of equipment, or
- stopped using it for your official duties

use Working Sheet 5 instead.

Working Sheet 3

Value brought forward from 2006-07, or cost if item bought in 2007-08, or market value if you started using for official duties an item bought in an earlier year	A	£
Writing down allowances (see Note 1) *Box A x 25%*	B	£
Business use proportion of box B (see Note 2) *Copy the figure in box C to box 14*	C	£
Value to carry forward *Box A minus box B* *Keep for next year's Assembly pages*	D	£

Note 1: if you became a Member during the year you must not claim the full 25% allowance. See the note on page WAMN 8 on 'Time apportionment'.

Note 2: if the asset is used wholly for official duties, the figures in boxes B and C will be the same.

Balancing allowances

A 'balancing allowance' is a special kind of capital allowance.

It may be due:

- for assets and equipment in the 'pool' if you ceased to be a Member during the year
- for other asset(s) or item(s) of equipment if during the year
  - you ceased to be a Member, or
  - you sold the item in question, or
  - you stopped using it for your official duties, but did not sell it.

In these cases, the 25% calculation in Working Sheets 2 and 3 does not apply. Instead, the allowance due is:

- the balance of expenditure brought forward from the previous year, minus

- the sale proceeds (or market value if you did not sell them) of the item(s) at the date of cessation, or when you stopped using them for your official duties.

Use **Working Sheet 4** to calculate a balancing allowance for items in the 'pool'.

Use **Working Sheet 5** to calculate a balancing allowance for other items (making a separate calculation for each one).

For assets that were used only partly for official duties, the balancing allowance is reduced to the proportion used for official duties as described in the note on page WAMN 8.

If the disposal value is greater than the value brought forward, calculate a balancing charge as described below. Use Working Sheet 4 or 5 for balancing charges as well as balancing allowances.

Balancing charges

A 'balancing charge' is an addition to your taxable income. It arises when the disposal value of an item (or items) is greater than the value brought forward. This can happen if:

- you ceased to be a Member in the year, or
- an asset is sold, or
- you stop using an item for your official duties, but do not sell it.

Use **Working Sheet 4** to calculate a balancing charge for items in the 'pool'.

Use **Working Sheet 5** to calculate a balancing charge for other items (making a separate calculation for each one).

You may have capital allowances (or balancing allowances) on some Working Sheets and balancing charges on others. If this happens, do not net them off. Instead, separately enter the amount of the balancing charges in box 10 and the amount of the capital allowances (or balancing allowances) in box 14.

'Pool' assets and equipment: balancing allowances and balancing charges
Use Working Sheet 4 if you ceased as a Member at or before the end of the tax year, or if you used Working Sheet 2 and the amount C is more than amount (A + B).

Working Sheet 4

Pool value brought forward from 2006-07	A	£
Cost of assets or equipment bought in 2007-08 on which first year allowances have not been claimed (or market value, if you started using for official duties an item bought in an earlier year), see Note 1	B	£
Sales proceeds of items sold in the year (or market value of items that you stopped using for official duties without selling them), see Note 2. If the sale proceeds or value of any item are more than the original cost of that item, see Note 3	C	£
If (A + B) is more than C, enter the difference in box D *Copy the figure in box D to box 14 - a balancing allowance*	D	£
If C is more than (A + B), enter the difference in box E *Copy the figure in box E to box 10 - a balancing charge*	E	£

Note 1: if an item on which you have claimed a first year allowance in 2007-08 is sold on or before 5 April 2008, and if you have used it solely for your official duties, deduct the first year allowance from the original cost and add the balance (if any) to your pool for 2007-08.

Note 2: you must include the sale proceeds (if any) of items on which you claimed a first year allowance in 2007-08.

Note 3: if the sale proceeds or value of any item are more than the original cost of that item to you or anybody connected with you, enter the original cost instead. Help Sheet 293 *Chattels and Capital Gains Tax* explains how Capital Gains Tax may apply to these items.

Other assets and equipment: balancing allowances and balancing charges

Use a separate Working Sheet for each separate asset or item of equipment that is not included in the 'pool' in Working Sheet 2 or 4, and which was no longer being used for your official duties at the end of the tax year.

Working Sheet 5

Value brought forward from 2006-07, or cost if item bought in 2007-08 or market value, if you started using for official duties an item bought in an earlier year. See Note 1 if the item is one on which you claimed a first year allowance for 2007-08	A	£
Sales proceeds if item sold, or market value if you stopped using the item for your official duties without selling it but if the sale proceeds or value of any item are more than the original cost of that item, see Note 2	B	£
If A is more than B enter the difference in C	C	£
Business proportion of box C	D	£
Copy the figure in box D to box 14 - a balancing allowance		
If B is more than A, enter the difference in box E	E	£
Business proportion of box E	F	£
Copy the figure in box F to box 10 - a balancing charge		

Note 1: if the item is one on which you claimed a first year allowance in 2007-08, deduct the first year allowance from the original cost and enter the balance (if any) in box A. The first year allowance to be deducted is the full allowance for the year before any deduction for private use.

Note 2: if the sale proceeds or value of any item are more than the original cost of that item to you or anybody connected with you, enter the original cost instead. Help Sheet 293 *Chattels and Capital Gains Tax* explains how Capital Gains Tax may apply to these items.

Short life assets

There are special rules if you intend to keep the item of equipment for only a short time, or you think it will wear out quickly. If you acquire an item that you expect to dispose of, or which you expect to wear out within five years of the date you acquired it, you may elect to have the capital allowances calculated separately from your main 'pool'.

This election:

- must be made in writing to us, and
- must be made no later than the first anniversary of 31 January following the end of the tax year in which you acquired the item (so an election for 'short life asset' treatment of an item acquired in 2007-08 must be made by 31 January 2010).

The election cannot be withdrawn once it has been made.

The separate calculation of capital allowances means that relief for the actual depreciation incurred in using the item can be given more quickly than under the normal rules.

If the item has not been sold or disposed of by the end of the five year period, the balance in the 'separate pool' for that item is added to the 'main pool', then dealt with in the normal way.

For further information ask us or your tax adviser.

Financing equipment by hire purchase, leasing agreement or alternative finance arrangement

If you acquire equipment under a hire purchase or leasing agreement the tax consequences depend on the arrangements you make. Broadly, the rules are as follows:

- if you have a hire purchase agreement, capital allowances are due on the deposit as soon as you pay it. Once you bring the equipment into use, the rest of the capital cost qualifies for capital allowances. Enter these in box 14
- for a lease agreement that is not a long funding lease, tax relief for rental payments is given as an expense deduction for the years in which they are payable. These expense deductions go in box 14 in the *Assembly* pages. If the lease contains any provision whereby the lessee shall or may become the owner of the item, then the hire purchase contract rules apply. If the lease agreement is a long funding lease the lessee may be able to claim capital allowances. If the lease began before 1 April 2006 it cannot be a long funding lease. You should consult us or your tax adviser if you think a lease is a long funding lease.

If you purchased the assets or equipment using an alternative finance arrangement the capital allowances cost is the original cost of the asset. The original cost does not include any alternative finance payments which are the charges made by your finance provider over and above the original cost of the asset or equipment.

If you use the item of equipment partly for private purposes, then the relief must be apportioned. For further guidance on this ask us or your tax adviser.

Inexpensive items of equipment

Instead of claiming capital allowances, you may be able to claim an expenses deduction for the full cost of some items in the year they are acquired. This applies if:

- the cost of the item is small, and
- the item replaces one on which capital allowances have not been claimed.

For further information, ask us or your tax adviser.

Examples of capital allowances and balancing charges

Example 2 – 'pool' of equipment used wholly for official duties: first year allowance and writing down allowance.

Sue becomes a Member on 6 October 2006. She works partly from home in Cardiff, and it was necessary for her to buy the following items of equipment in order to do her official duties:

6 October 2006	A desk costing	£320
	A filing cabinet costing	£100
6 December 2007	A photocopier costing	£290

All these items are used wholly for official duties. Sue claims capital allowances for them as follows:

2006-07	Cost of desk	£320
	Cost of filing cabinet	£100
		£420
	First year allowance (50%)	£210
	Carried forward to 'pool' for 2007-08	£210
2007-08	Pool value brought forward	£210
	Writing down allowance (25%)	£53
	Pool value carried forward	£157
	Cost of photocopier 6 December 2007	£290
	First year allowance (50%)	£145
	Value carried forward	£145
Total capital allowances for 2007-08 (£53 + £145)		£198
2008-09	Pool value brought forward	£157
	Value of photocopier brought forward	£145
	New pool value	£302
	Writing down allowance (25%)	£76
	Pool value carried forward	£226

Example 3 – assets used partly for non-business purposes: first year allowance and writing down allowance.

The facts are the same as in Example 2 except that on 6 March 2008 Sue buys a computer costing £800. She uses the computer 90% for her official duties and 10% privately. Because the computer is not used wholly for official duties it does not go into the 'pool' in Example 2. Instead, capital allowances on the computer are calculated separately, as follows:

2007-08	Cost of computer on 6 March 2008	£800
	First year allowance (50%)	£400
	Value carried forward	£400
	Allowance due (business proportion) £400 x 90%	**£360**
2008-09	Value brought forward	£400
	Writing down allowance (25%)	£100
	Value carried forward	£300
	Allowance due (business proportion) £100 x 90%	**£90**

Example 4 – balancing allowances and balancing charges.

Sue ceases to be a Member on 30 November 2009. The items which she bought in Examples 2 and 3 are disposed of as follows:

Desk (cost £320) is retained for private use; its market value at 30 November 2009 is	£100
Filing cabinet (cost £100) is sold for	£25
Photocopier (cost £290) proves to be a rare example and is sold to a museum for	£500
Computer (cost £800) is retained for private use; its market value at 30 November 2009 is	£200

The balancing allowances and charges for 2009-10 are:

'Pool' assets

Value brought forward from 2008-09 (see Example 2)		£226
Disposal values:		
desk (market value)	£100	
filing cabinet (sale proceeds)	£ 25	
photocopier (original cost)	£290 *	£415
Balancing charge for 2009-10		**£189** **

Computer

Value brought forward from 2008-09 (see Example 3)	£300
Disposal value (market value at 30 November 2009)	£200
Balancing allowance (before adjustment for private use)	£100
Balancing allowance due for 2009-10 (business proportion) £100 x 90%	**£90** ***

*As the sale proceeds of the photocopier (£500) are more than the original cost (£290) the balancing adjustment is calculated using the original cost.

**The balancing charge of £189 goes to box 10 in the *Assembly* pages. If the total disposal value had been less than the pool value brought forward the result would have been a balancing allowance instead.

***The balancing allowance of £90 goes to box 14 in the *Assembly* pages.

Calculating your tax bill

If you want to calculate your tax bill ask the Orderline for the *Tax Calculation Summary notes* or go to **www.hmrc.gov.uk**

The Working Sheet in the *Tax Calculation Summary notes* does not have separate boxes for your Assembly income. You should include the amounts from your *Assembly* pages you have in the 'Employment' boxes on the *Tax Calculation Summary notes*, as follows:

***Assembly* page**	***Tax Calculation Summary notes***
Income (box1)	enter this in section 1, box A1 (along with any other employment income you have).
Benefits (boxes 3 to 10)	add the amounts in boxes 3 to 10 together and enter the total amount in section 1, box A5 (along with the total of any other employment benefits you have).
Expenses (boxes 11 to 14)	add the amounts in boxes 11 to 14 together and include the total amount in section 1, box A6 (along with the total of any other employment expenses you have).
Tax taken off (box 2)	include this in the total figure in section 10, box A187 (along with the total of any other tax taken off any employment income)

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