



HM Revenue  
& Customs

# Tax and National Insurance contributions guide for MPs and Ministers

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HMRC has prepared this guide to give advice for MPs and Ministers about your personal tax and National Insurance contributions (NICs).

## Contact details for your personal tax queries



HM Revenue and Customs (HMRC) Public Department 1 (PD1) deals with all your personal tax and NICs enquiries.

### Our address

HM Revenue and Customs  
Public Department 1  
Tŷ Glas Road  
Llanishen  
CARDIFF  
CF14 5QZ

### Numbers for phone enquiries

**03000 581 588** or **03000 581 589**

Between 8.30am and 5pm, Monday to Friday

### Customer Relations Manager

Eirianne Bourge: **03000 581 691**; [eirianne.bourge@hmrc.gsi.gov.uk](mailto:eirianne.bourge@hmrc.gsi.gov.uk)

### Technical Adviser

Martin Thorne: [martin.thorne@hmrc.gsi.gov.uk](mailto:martin.thorne@hmrc.gsi.gov.uk)

### HMRC website

[www.gov.uk/hmrc](http://www.gov.uk/hmrc)

Please quote your National Insurance number whenever you contact PD1 with an enquiry. PD1 aims to provide answers to letter enquiries within ten working days and to phone enquiries within three working days.

# Section 1. Self Assessment



PD1 will automatically set you up in Self Assessment.

Self Assessment is for people who need to complete a tax return to tell HMRC about their income or capital gains, or to claim tax allowances and reliefs.

Most employees do not need to use Self Assessment to complete tax returns. This is because Pay As You Earn (PAYE) and other tax-deduction systems collect the tax which is due or give the right allowances and reliefs.

However, people will have to complete a Self Assessment tax return if they:

- are in certain positions or offices (such as the self-employed, company directors, trustees, MPs and Ministers)
- have certain types and/or levels of income (for example, foreign income or income from property of £2,500 or more)
- have more complicated tax affairs.

## The Self Assessment tax return for MPs and Ministers

PD1 will automatically set you up in Self Assessment if you are not already registered. We will also send you your Unique Taxpayer Reference (UTR).

## Information you will need to sign up for online filing

- your UTR
- your postcode or National Insurance number.

You'll find your UTR on correspondence from HMRC. If you can't find it, you can contact PD1 on **03000 581 588** and ask for it to be sent to your home address (for security reasons we can't tell you your UTR over the telephone). Once you have this, you can register at <https://online.hmrc.gov.uk/>

Please register in plenty of time before the filing deadline, as we will need to send you an activation code, which usually takes around seven working days. You must activate your account within 28 days of receiving it.

As an MP, you will need to show details of your Parliamentary income on your Self Assessment tax return. If completing the return online you will need to fill out the "Employment" page.



If the tax you owe is more than £3,000 or you would prefer to make a direct payment, for any tax due under £3,000 then you will need to make that payment by 31 January.

### Sending a paper return

You can still send HMRC a paper return if you prefer. The deadline for submitting your paper return as an MP is 31 January rather than 31 October.

Provided we receive your paper return by 31 December, we can, if you wish, collect the tax you owe up to £3,000 through your PAYE tax coding for the following year.

If the tax you owe is more than £3,000 or you would prefer to make a direct payment, for any tax due under £3,000, then you will need to make that payment by 31 January to avoid being charged interest on the tax owed.

If we receive your paper return after 31 December, we cannot guarantee to let you know how much tax is due by 31 January. You will have to estimate the tax you owe and pay this by 31 January to avoid being charged interest.

HMRC will charge interest and penalties for tax returns and payments that are late.

### The link with National Insurance contributions

You will need to pay Class 1 National Insurance contributions on all earnings, including any profit arising from your employment as an MP. This is deducted from your salary through the Parliamentary payroll.

Where you are provided with employment-related benefits, Class 1A National Insurance contributions (employer only) liability will arise.

The exceptions to this are where:

- an exemption exists, generally for an expense incurred in carrying out duties directly related to your employment
- you make a specific and distinct payment of, or contribution towards, expenses which are incurred in carrying out your employment
- the payment or benefit provided is covered by a dispensation agreed between HMRC and the Independent Parliamentary Standards Authority (IPSA).

## Section 2. Taxable benefits from your office



IPSA will give you details on form P11D, 'Expenses and Benefits'.

If you receive any benefits or expenses from your office, these will need to be included on your Self Assessment tax return. IPSA will give you details on form P11D, 'Expenses and Benefits'.

Expenses or benefits that have been covered by a dispensation – an agreement IPSA has with HMRC about certain payments – will not appear on your P11D and you should not include them on your return.

Ministers will also receive a P11D from their government department.

### Expenses met by IPSA

You can make a claim to IPSA for:

- accommodation expenses
- staffing costs
- office costs
- travel and subsistence expenditure.

You can find the rules for expenses claims on IPSA's website at [www.parliamentarystandards.org.uk](http://www.parliamentarystandards.org.uk)

### Accommodation expenses

These are not taxable.

### Staffing costs

Wages for secretaries and research assistants that are paid by IPSA on your behalf are covered by a dispensation.

### Office costs

Any taxable payments are shown on your P11D. You can claim a deduction where you incurred the expenses wholly, exclusively and necessarily while performing your duties as an MP.

## Travel and subsistence expenditure

Any taxable payments will be shown on your P11D. If the figure on your P11D includes some business travel, you can claim this cost.

## Contingency payments

Contingency payments cover amounts reimbursed by IPSA on an exceptional basis. Any reimbursement is taxable. The taxable payment is shown on your P11D.

## Financial Assistance Fund or other cash reimbursements

Any taxable payment is shown on your P11D.

## Other benefits

Any taxable payment is shown on your P11D.

## Expenses incurred and capital allowances

You can only claim for items that you need to do your job as an MP.

You can also claim capital allowances for the cost of buying and improving equipment you need to do your job, such as desks and filing cabinets. The type of capital allowance and amount you can claim will depend on the cost and other circumstances.

You may be able to claim the following allowances:

- Annual Investment Allowance (AIA) for equipment (but not cars) up to a maximum of £500,000 (from 6 April 2014). This is reduced to £25,000 from 1 January 2016
- Writing Down Allowance (WDA). If the cost of buying equipment is more than the maximum AIA (£500,000), the excess goes into a pool and you can claim 18 per cent of the pool as WDA. Any amount left over is carried forward to the next year
- Small Pools Allowance (SPA). If the total value of the 'pool' is £1,000 or less you can claim the whole amount as SPA.

You cannot claim capital allowances for:

- IT equipment provided under the House of Commons arrangements
- items you buy for, or to use in, your own home
- the cost of buying a car.

If you use the equipment for both business and private use you need to reduce your claim by the proportion that relates to your private use.

### Example

Mary Smith MP sets up an office at home, spending £5,000 on IT equipment. IPSA does not reimburse Ms Smith MP for this cost. She uses the equipment 70 per cent for work and 30 per cent for personal use, so she must reduce the amount of Annual Investment Allowance (AIA) by the amount of her personal use – 30 per cent.

Ms Smith MP can claim AIA of £3,500 (£5,000 less 30 per cent private use).



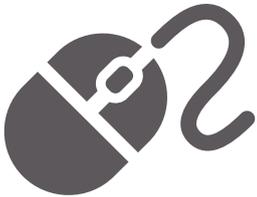
The table below shows where to enter 'Benefits from your office' from your P11D to your online Self-Assessment return.

P11D Benefits from your office	Online SA return Taxable benefits and expenses
<b>Box 3</b> Pre-approved diverted journeys	Vouchers, credit card and excess mileage allowance
<b>Box 5</b> Other – OCE (Office costs expenditure)	Goods and other assets provided by your employer
<b>Box 5</b> Parliamentary accountancy	Goods and other assets provided by your employer
<b>Box 6</b> Contingency payment	Expenses payments received and balancing charges
<b>Box 7</b> Miscellaneous – Winding up	Other benefits (including interest-free and low interest loans)
<b>Box 7</b> Security assistance	Other benefits (including interest-free and low interest loans)
<b>Box 7</b> Disability assistance	Expenses payments received and balancing charges
<b>Box n/a</b> Capital expenditure	No entry required

The table below shows where to enter 'Office expenses paid out by you' from your P11D to your online Self-Assessment return.

P11D Office expense paid out by you	Online SA return Employment expenses
Travel warrants	Business travel and subsistence expenses
Secretarial, clerical and research assistance	Other expenses and capital allowances
Office expenses	Other expenses and capital allowances
Contingency payment	Other expenses and capital allowances

## Section 3. Employer responsibilities



You can choose to register for VAT even if you don't have to.

If you pay staff directly, and not through IPSA, you will need to run a PAYE scheme.

Full details on employing staff for the first time are available at [www.gov.uk/employing-staff](http://www.gov.uk/employing-staff)

### Other items of interest

#### Fees

You should keep a record of any occasional fees for newspaper articles, television or radio interviews and speaking engagements that are connected with your duties as an MP to include on your Self Assessment tax return.

#### VAT

Any income not received from IPSA, or from an employment or other office, will form part of your 'taxable supplies' for VAT purposes.

You need to register for VAT if:

- your turnover for the previous 12 months has gone over the VAT threshold, currently £82,000 (for 2015-16)
- you think your turnover will go over the VAT threshold soon.

You can choose to register for VAT even if you don't have to.

Full details are available at [www.gov.uk/vat-registration](http://www.gov.uk/vat-registration)

#### Fees donated to charity

You are taxed on any fees you receive, even if you pay the amount to charity or if you ask that the amount to which you are entitled be paid elsewhere. You should include the fees received on your Self Assessment tax return.

If you waive your entitlement to fees before they are due to be paid, then the fees will not be taxable. For the arrangement to be effective, the body paying the fees will be able to choose to which charity to donate the fees, or not to donate at all. You do not need to enter details on your Self Assessment tax return.

Alternatively, you may choose to donate an equivalent amount of the fees through Gift Aid. In this case the charity will be able to reclaim the basic rate tax on the donation and you can reclaim the balance of the tax relief due.

If you want to use Gift Aid please refer to

[www.gov.uk/government/publications/charities-detailed-guidance-notes](http://www.gov.uk/government/publications/charities-detailed-guidance-notes)

You can also donate an amount equivalent to the fees to charity through a Payroll Giving scheme and receive full tax relief on the donation. IPSA can provide details on how to donate to charity through its Payroll Giving scheme.

Please note that if you do not waive your entitlement to the fees, then you should include the fees as income on your tax return, even where an equivalent amount is donated through Gift Aid or Payroll Giving.

## Section 4. Capital Gains Tax on residences



Where the property has been your only or main residence for part of the period of ownership, any gain is split on a time basis depending on how long you've lived in that property.

Any gain from the disposal of your only or main residence is normally exempt from Capital Gains Tax if the property has been your only or main residence throughout your period of ownership. This exemption is known as Private Residence Relief.

The notable exceptions are where the area of any garden or grounds (including the buildings) is more than 0.5 hectares or where part of the house is being used exclusively for business purposes. Where the property has been your only or main residence for part of the period of ownership, any gain is split on a time basis depending on how long you've lived in that property.

### Your residence

If you live in two or more houses, as your home, you can nominate which residence is to be treated as your main residence for any period. Your choice is relevant for Capital Gains Tax only. Your nomination must be made within two years of the date when you first have a combination of residences. If there is a change in your combination of residences, a new two-year period begins. If you do not nominate one of your homes as your main residence, the question of which is your main residence will be determined on the facts.

### Can more than one residence qualify for Private Residence Relief?

There are two sets of circumstances when this might happen.

First, if you have used a property as your only or main residence at some time during your period of ownership, there may be some time before you sell that property during which you have to stop using it as your main residence (for example, when you buy a new home before the old one is sold). To cover this possibility, the final 18 months of ownership is always treated as if you had occupied it as your only or main residence. Relief from Capital Gains Tax may then be due for this overlapping period on both the old and the new properties.

Second, where you provided a residence for a dependant before 6 April 1988, you may be entitled to relief from Capital Gains Tax on that property, as well as your own.

### Relief for married people or someone in a civil partnership

If you are married or in a civil partnership, and you are not separated from your spouse or civil partner, and you own two or more homes between you, any nomination must be made jointly and signed by both of you. You are only entitled to Private Residence Relief on one home between you.

For further information about Capital Gains Tax on residences go to [www.gov.uk/government/publications/private-residence-relief-hs283-self-assessment-helpsheet](https://www.gov.uk/government/publications/private-residence-relief-hs283-self-assessment-helpsheet)

