

[REDACTED]

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**From:** [REDACTED]@hmrc.gsi.gov.uk  
**Sent:** 31 May 2012 11:30  
**To:** [REDACTED]  
**Cc:** [REDACTED]@hmrc.gsi.gov.uk  
**Subject:** RE: Outstanding Issues - OCE Parliamentary expenditure & MPs' Staff Non-cash Rewards and Recognition [Protective Marking: RESTRICTED]

**Follow Up Flag:** Follow up  
**Flag Status:** Flagged

Hi [REDACTED]

Thanks for your email.

I've spoken to [REDACTED] today, and we think that maybe we've all got some crossed wires here! Taking the points one by one, to clarify:

- **Parliamentary accountability**

[REDACTED] and I did not realise that this category included what was discussed, and decided, back in July 2011 concerning the issue around claims for Bexley Services. I am sorry for any confusion caused by this. Nevertheless, the position remains as outlined in [REDACTED]'s email of 20 July 2011 i.e. **"the expenses are not paid under the terms of any dispensations issued to IPSA, and so we requires such payments to be reflected on a P11D"**. I note you state in your email that if it is not possible to dispense this expenditure IPSA would seek to include this in the PAYE Settlement Agreement (PSA), but as the sums involved are neither minor or irregular they are not suitable for inclusion in a PSA. I confirm that the amounts will therefore need to be declared on forms P11D.

- **MPs' staff non-cash reward and recognition – Benefits in Kind arising**

I agree that I have confirmed that reimbursement of this expenditure to MPs by IPSA is covered by the dispensation, as they form part of an MP's Staffing Expenditure and are paid in accordance with the guidance at Chapter 7 of "The MPs' Expenses Scheme : Third Edition". However, the dispensation does not cover the benefits in kind that arise in the hands of the recipient staff for non-cash rewards – these will need to be reported **for the staff members** on forms P11D (the rewards are not suitable for inclusion in a PSA as they are discretionary rewards, and not necessarily minor or irregular).

- **Dispensations**

I don't keep electronic copies of the IPSA dispensations for security reasons. However, my office file contains a concise record (and paper copies) of all dispensations that have been issued to IPSA, so I don't actually need any copies but thank you for the offer.

Again, I'm sorry for any confusion caused. If IPSA have any difficulties or further concerns with the proposals concerning the reporting of the above items on forms P11D, please feel free to contact [REDACTED] or myself as soon as possible.

Thanks

[REDACTED]

[REDACTED]

[REDACTED] (Government Departments)

Tel – 029 20 [REDACTED]

Fax – 029 20 [REDACTED]

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**From:** [REDACTED] [mailto:[REDACTED]@parliamentarystandards.org.uk]

**Sent:** 28 May 2012 16:19

**To:** [REDACTED] (LocalCOMP I&PB Public Bodies )

**Cc:** [REDACTED] (LocalCOMP I&PB Public Bodies); [REDACTED] (LocalCOMP I&PB Public Bodies)

**Subject:** RE: Outstanding Issues - OCE Parliamentary expenditure & MPs' Staff Non-cash Rewards and Recognition

Hi [REDACTED]

Thanks for your email. I will take your two queries in turn:

## 1. Parliamentary accountancy

IPSA *does not* consider that expenses for parliamentary accountancy should be taxable. We have had several conversations with HMRC in the past in which we explained that such claims were for parliamentary purposes and *not* for personal accountancy. IPSA does not reimburse MPs for *any* expenses which are not incurred wholly, exclusively and necessarily for parliamentary purposes. This was the basis for our request to include them within the wider dispensation for OCE expenses. Unfortunately we were advised that HMRC does not view parliamentary accountancy as a business expense and thus we were advised that such claims should be reflected on a P11D. I have attached the previous correspondence on this subject (the first two attachments). It would be our preference to have parliamentary accountancy included in the dispensation which we have already received for OCE. If this is not possible we would seek to include these expenses within the PAYE settlement agreement.

## 2. MPs' staff non-cash reward and recognition payments

Your email below suggests that R&R non-cash payments for MPs' staff should be reported on P11Ds. On the 22<sup>nd</sup> of March 2012 you issued IPSA with a dispensation for 'staffing expenditure payments made by IPSA on behalf of MPs' which include 'such payments made or reimbursed by IPSA in accordance with the guidance at Chapter 7 of the "MPs' Expenses Scheme: Third Edition, dated April 2011.' I queried whether R&R payments are included within this dispensation and you confirmed that they are (please see the third attachment). For this reason IPSA does not intend to issue P11Ds to MPs' staff for such expenses.

I know you noted in your previous email that you do not hold copies of the dispensations which HMRC has issued IPSA. If it would be helpful I could arrange to have them scanned and sent over to confirm the agreements which we have standing. This might help clarify which expenses we have agreed are covered by dispensations and which ones IPSA intends to include on P11Ds. Please let me know if this would be useful.

Thanks [REDACTED], speak soon,

[REDACTED]  
[REDACTED]  
Independent Parliamentary Standards Authority (IPSA)  
7th Floor, Portland House  
Bressenden Place  
London SW1E 5BH  
Tel: 0207 [REDACTED]  
[www.parliamentarystandards.org.uk](http://www.parliamentarystandards.org.uk)

*Tell us what you think about MPs' pay and pensions on our new [pay and pensions blog](#) and [Twitter pages](#).*

**From:** [REDACTED]@hmrc.gsi.gov.uk [mailto:[REDACTED]@hmrc.gsi.gov.uk]  
**Sent:** 16 May 2012 10:30  
**To:** [REDACTED]  
**Cc:** [REDACTED]@hmrc.gsi.gov.uk; [REDACTED]@hmrc.gsi.gov.uk  
**Subject:** Outstanding Issues - OCE Parliamentary expenditure & MPs' Staff Non-cash Rewards and Recognition

**RESTRICTED**

Hi [REDACTED]

██████████ and I have been discussing a couple of outstanding issues concerning your email of 27 February 2012.

**OCE Parliamentary Accountancy expenditure**

IPSA have stated it considers this expenditure to be taxable - would you please explain why IPSA have decided this. Would you please also let me know what costs this expenditure actually covers, and whether any personal accountancy costs for MPs is included in the expenditure claims.

**MPs' Staff Non-cash Rewards and Recognition**

Based on the information in your email, the benefits arising from Non-cash Rewards and Recognition do not appear suitable for inclusion in a PAYE Settlement Agreement (PSA). MPs have been given guidelines by IPSA concerning rewards but do not have to follow them - these discretionary rewards could give rise to benefits that are neither minor or irregular (the example quoted in your email of gym membership for instance). IPSA should therefore report all such benefits for MPs' staff for the years 2011-12 onwards on forms P11D.

If you need any help with the above, please contact me. In the meantime, I look forward to hearing from you concerning my queries on the OCE Parliamentary Accountancy expenditure.

Thanks

██████████

████████████████████

████████████████████ (Government Departments)

Tel - 029 20 ██████████

Fax - 029 20 ██████████

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