

Dear Sir Christopher,

Thank you for providing me with the opportunity to respond to your inquiry into Members' expenses.

The PAAE should continue to be paid at the rate of £24,000 per year to Members of Parliament living outside a "*reasonable*" commutable distance from Parliament. However, this £24,000 should be taxed as income (non-pensionable) with a provision for Members of Parliament to claim the tax back from the *Her Majesty's Revenue and Customs* if they can demonstrate the expenditure was for a *permitted/allowable* business expense. The terms of such a scheme would need to be negotiated and agreed with the Inland Revenue.

Members representing seats in Greater London and the Home Counties should receive a reduced rate of £12,000, with this money taxed as income. Members in receipt of this allowance, living in the Home Counties, should also have the provision to claim the tax back from *HMRC*, if they can demonstrate the expenditure was for a *permitted/allowable* business expense. Such a provision would cover those circumstances where the lateness of the hour required a stay over in London.

The above scheme is straightforward and establishes *HMRC* as its ultimate regulator. I believe such a move would command the confidence of the public.

Yours sincerely,

Charles Walker MP

(Broxbourne)