

GLASGOW

12th May 2009

Dear

Expenses claimed by/paid to Members of Parliament

I am totally fed up hearing members of all Parties pleading that expenses claimed are "within the rules".

It is essential that "the rules" are radically changed and in doing so the revised rules should be totally specific as to what is allowable.

In making these comments, I pose the question:

Why should Members of Parliament be treated more favourably than the taxpayers (individuals and businesses) in respect of expenses?

In this context I mention only some of the statutory instruction and H.M. Revenue & Customs requirements which should be borne in mind:

- Income Tax (Earnings and Pensions) Act 2003 - parts 3, 4 and 5 in particular.
- Allowable expenses must be "wholly, necessarily and exclusively incurred" in the performance of duties.
- Records/supporting documents are required and retained for 6 years.
- Clear requirement by H.M. Revenue & Customs as to differentiation between private and "business" expenses i.e. expenditure on "only and main residence" is a private expense.
- Specific election as to "only and main residence" required by H.M. Revenue and Customs where there is more than one residence (in respect of preservation of Capital Gains Tax exemption).
- Detailed business mileage records on a fiscal year basis are required by H.M. Revenue & Customs - allowable re-imburement at 40p for the first 10,000 miles/25p per mile thereafter.

The most contentious areas which require to be clearly defined are:

- 1) Clear definition and parameter of living expenses in London for "out of London" Members (i.e. "wholly necessarily and exclusively" and not including expenditure on houses which for the taxpayer are deemed by H.M. Revenue & Customs to be private expenses).
- 2) Detailed explanation required from Members in respect of potentially contentious expenses claimed e.g. in respect of rented accommodation/accommodation shared with family members and where expenses are claimed when Parliament is in recess.
- 3) A clear approval/audit process before expenses are paid. I accept that in view of the number of M.Ps this is a logistical problem.
- 4) Transparency - similar to the system in place for the Scottish Parliament.

Yours sincerely,

A.M. HODGE

Copies to

- G. Brown MP - Prime Minister
- M. Martin MP - Speaker House of Commons
- J. Murphy MP - Member East Renfrewshire
- D. Cameron MP - Leader of Conservative Party
- R. Cook Esq. - Conservative Candidate East Renfrewshire