

Claims for expenses regarding work as a councillor - Guidelines

Claims for expenses regarding work as a councillor should go to HMRC at this address:

HMRC
PAYE & Self-Assessment
PO Box 1970
Liverpool
L75 1WX

Queries should be referred to the Tax Helpline on 0300 200 3300 or 0300 200 3310

Office hours: 8am to 8pm Monday to Friday
 8am to 4pm Saturday
 9am to 5pm Sunday

Advice on claiming expenses, including what can be claimed for, can be found in the Employment Income Manual, Section EIM65900, Tax Treatment of Local Government Councillors and Civic Dignitaries, at the HMRC website

<http://www.hmrc.gov.uk/manuals/eimanual/EIM65900.htm>

Councillors and civic dignitaries who receive an allowance that is taxable as employment income may be entitled to claim a deduction for:

- travelling expenses
- mileage allowance relief and
- other expenses incurred wholly exclusively and necessarily in the performance of their duties

to the extent that they are not already reimbursed for these costs by the council.

The most common types of allowable expenditure are likely to be **telephone calls, postage, stationery, travelling expenses on non-approved duties and use of home**. Local authorities differ in their definition of approved duties for which travelling and subsistence allowances are payable and in the other assistance provided for councillors. The level of expenses claimed may, therefore, vary not only because of the weight of work undertaken by a councillor but because of the local authority's policy on the reimbursement of expenses. (EIM65930)

From 2016/17 onwards, mileage allowance payments to councillors for travel between home and a permanent workplace, where their home is within the authority area or no more than 20 miles from the area boundary, are exempt from tax and NICs up to the approved mileage allowance payment scheme maximum. Travel is treated as business travel for the purposes of any mileage allowance payments made, but no mileage allowance relief is available (EIM65941)

NB: This only applies to mileage claims of under 45p a mile. Any claims for over 45p a mile will still be taxable.

Notes on types of allowable expenditure

Car. In the case of a privately owned car used by a councillor, councillors will need to keep records of their mileage on non-approved duties which will attract this relief.

Public transport/other. The actual costs incurred for which no allowance can be obtained from the local authority.

Postage and stationery

The amount of claims should be limited to the actual cost incurred.

Telephone

A claim may be made for the cost of calls in respect of approved and non-approved duties. No deduction can be given for any part of the telephone rental. Any claim should be reduced by any non-taxable reimbursement made by the local authority and where that reimbursement covers the cost of the calls no claim should be made.

Secretarial assistance

A deduction may be given for necessary secretarial assistance involving for example drafting replies to letters, typing and filing where such assistance is not provided by the local authority. Claims should be reasonable in relation to the councillor's allowances and to the assistance given. The amounts must actually have been paid to the assistant regularly; the Inspector may wish to see evidence of such payments.

Hire of rooms

The expenditure to be claimed should be limited to the amount incurred and should relate to hire for "surgeries" or protest meetings such as objections to planning applications. Hire of rooms for party political purposes cannot be claimed for.

Household expenses

Where a councillor needs facilities at home, to do some of his or her work as a councillor, a deduction can be given for additional costs such as heating and lighting. It has been agreed that a standard deduction of £135 per annum can be given. If a room is used exclusively for council business, a claim may be made for the proportion of heat and light relative to that room. (EIM 65955)

Capital allowance

Items such as filing cabinets can be claimed as a capital allowance. They can either be included with other claims or claimed separately at the time of purchase.

Claims for expenses do not require receipts. HMRC will only ask for receipts if an amount claimed appears to be excessive.

Claims can be made for the past four tax years, including the present year.

NB: These are very general guidelines only. For full details of allowable expenses, exemptions etc, refer to the relevant sections of the Employment Income Manual.