HM Revenue
& Customs

Tax and National Insurance contributions

Guide for MPs and Ministers

July 2024

Contents

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

1 Contact details for your personal tax queries

HMRC's specialist Public Department 1 (PD1) deals with all your personal tax and NICs enquiries.

If you are a new MP, please contact PD1 so we can review your tax code.

PD1 aims to provide answers to phone enquiries within three working days.

If you need to write to PD1, please telephone us for the contact address.

Join the millions of taxpayers already using their Personal Tax Account to access a range of HMRC Services. **It takes just a few minutes to get started, go to www.gov.uk/personal-tax-account**

Numbers for phone enquiries

03000 581 587 or **03000 581 589**

Between 8am and 6pm, Monday to Friday

Members who represent a constituency in Scotland and Wales

If you represent Scotland for any part of the tax year you are a Scottish taxpayer, regardless of where you live.

From 6 April 2019 if you represent Wales for any part of the tax year you will be a Welsh taxpayer, regardless of where you live.

If you start or cease representing a constituency in Scotland or Wales, to ensure that your taxpayer status is correctly identified please contact PD1 directly.

2 Self Assessment

All MPs who were sitting in Parliament in the 2023/24 tax year or earlier have to complete a Self Assessment tax return.

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, 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).

From the 2024/25 tax year, you will no longer need to file a Self Assessment tax return simply because you are an MP, though you will still need to file a return if you meet other Self Assessment Criteria. There will also be changes to the paper filing date. We will provide further guidance early in 2025.

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 581 587** or **03000 581 589** 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 www.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.

Political Party fees

Political Party fees are not deductible on your Self Assessment return, as they are not paid in the performance of your duties as an MP.

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. For those MPs who were sitting in Parliament in the 2023/24 tax year, the deadline for submitting your paper return as an MP is 31 January 2025 rather than 31 October 2024 (which is the paper deadline for all other taxpayers). Provided we receive your paper return by 30 December 2024, we can, if you wish, collect the tax you owe up to £3,000 through your PAYE tax coding for the following year.

If you did not sit in the previous Parliament, the deadline for submitting your paper return will be 31 October 2024.

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 30 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, from your employment as an MP. This is deducted from your salary through the IPSA 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.

If you have a second job with a different employer, including employment as a Minister by a government department, you may be eligible to apply to pay a lower rate of Class 1 NICs on your second job. See section 6 for more details on how to apply for this.

3 Taxable benefits from your office

Under tax legislation, HMRC requires that all taxable expenses be included in the payroll and taxed by the Independent Parliamentary Standards Authority (IPSA).

IPSA now puts these taxable expenses through your monthly payroll.

IPSA will reimburse you for your business costs as usual. **You should not include expenses met by IPSA in your Self Assessment tax return as a deductible expense.** Any taxable expenses will now have tax deducted alongside your salary, rather than included on your end-of-year P11D.

IPSA will provide you with a taxable expenses statement which will show the claims that have been taxed in that month.

Further guidance on using IPSA Online can be found here: www.ipsaonline.org.uk/guidance/getting-started-in-ipsa-online

Ministers may also receive benefits and non-exempt expenses 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
- miscellaneous costs.

You can find the rules for expenses claims on IPSA's website at www.theipsa.org.uk/publications/the-scheme

Accommodation expenses

These are not taxable.

Staffing costs

Wages for staff that are paid by IPSA on your behalf are covered by an exemption.

Office costs

You can claim a deduction where you incurred the expenses wholly, exclusively and necessarily while performing your duties as an MP from monies not provided by IPSA.

Contingency payments

Contingency payments cover amounts reimbursed by IPSA on an exceptional basis. IPSA will provide further information on request.

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) has temporarily been increased up to a maximum of £1,000,000 from 1 January 2019 to 31 March 2023

- Writing Down Allowance (WDA). If the cost of buying equipment is more than the maximum AIA (£200,000), the excess goes into a pool and you can claim 18 per cent of the main pool and carry forward any amount left over 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. IPSA will pay motor mileage rate.

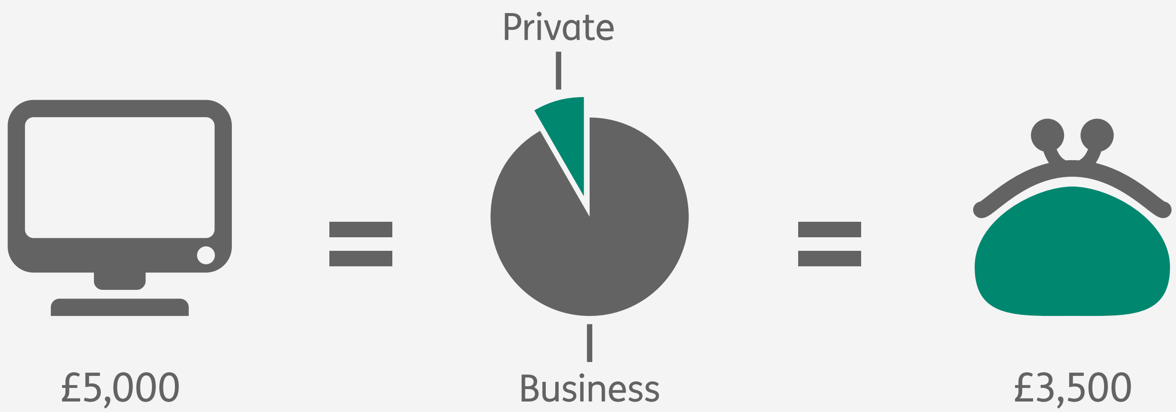
You can get further information at www.gov.uk/work-out-capital-allowances/rates-and-pools

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 percent 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).



4 Employer responsibilities

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

Other items of interest

Fees

You should keep a record of any occasional fees for newspaper articles, completing surveys, 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 £85,000 (for 2018–19)
- 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**

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

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.

5 Capital Gains Tax on residences

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 nine 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

6 Deferment of Class 1 National Insurance on multiple employments

Individuals with more than one job with different employers may be able to pay a lower rate of Class 1 National Insurance contributions (NICs) on earnings from any jobs beyond their main job.

If you are eligible, **you can apply to HMRC for the lower rate of NICs to be deducted from your second job via PAYE** (a process known as deferment).

Who is eligible for deferment

Deferment will affect Ministers, who are employed by Parliament as MPs and by their government department as a Ministers, or any MP who has earnings from another employer.

Any additional role paid for by Parliament, such as work on a select committee or as a Parliamentary Private Secretary, is not eligible for deferment as both jobs are with the same employer.

Whether you are eligible to defer Class 1 (employee) NICs is dependent on your total income level from your employments across the tax year – see **our guidance on deferment** for further information.

How to defer National Insurance

To defer Class 1 NICs, you must apply to HMRC by 14 February before the end of the tax year in which you wish to defer. You can apply online or by post, **see here for the online form**. HMRC will notify your employer to deduct the lower rate of NICs.

You need to re-apply for deferment if you change jobs, including Ministers moving between Government departments, to ensure you are paying the correct rate for all your jobs.

Deferment means you don't have to wait until the end of the tax year to apply for a NICs refund.

If you do not defer and overpay Class 1 NICs as a result, you will receive a letter from HMRC at the end of the tax year inviting you to claim a refund online.

7 Digital updates and briefings

We email MPs a bulletin to provide a short round-up of news and policy announcements, changes to legislation and consultations. Your staff can also sign up to receive our briefings and the HMRC Monthly updates by contacting our External Affairs team at **external.affairs@hmrc.gov.uk**

If you have any comments or suggestions please contact us:

Permanent Secretaries Office: **perm.secs@hmrc.gov.uk**

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