

i Contacts

Please phone:

- the number printed on page TR 1 of your tax return
- the SA Helpline on **0300 200 3310**
- the SA Orderline on **0300 200 3610** for helpsheets

or go to hmrc.gov.uk/sa

These notes will help you to complete the *Legislative Assembly* pages of your tax return. The *Legislative Assembly* pages cover only your Legislative Assembly income; make sure you also complete any other pages appropriate to your circumstances.

Gather together the material you need, for example:

- your P60, a Finance Office form showing pay and tax details for the year
- your PAYE Coding Notices for 2013–14 and 2014–15
- a form P11D or equivalent statement from the Finance Office giving details of any benefits and expenses you have received in the year
- receipts for any allowable expenses you have incurred
- any of the helpsheets you think you need.

The word ‘office’ is used in these notes to include the office held as a Member of the Legislative Assembly and as a Member of the Legislative Assembly and Minister. Also, ‘P11D’ means P11D, P9D or equivalent information.

If you were in office on 5 April 2014

Your P60 should show the total pay and tax from your office (as well as from previous employments during the year). Your P45 Part 1A should, if you had one, also show pay from previous employments. Do not include in the *Legislative Assembly* pages any amounts on your P60, or P45 Part 1A relating to employment other than from your office of Legislative Assembly Member or Minister.

If you were a Member of the Legislative Assembly

Fill in **one** copy of the *Legislative Assembly* pages.

If you changed Assembly office during the year

Fill in a **separate** copy of the *Legislative Assembly* pages for each office from which you received any income in the year ended 5 April 2014.

Income from office**Box 1 *Payments from P60 (or P45 or payslips) – before tax was taken off***

Enter the money you received as a Member of the Legislative Assembly or as a Minister.

Your P60 will show figures for pay and tax from the office you held at 5 April 2013. If you had more than one office, the form may also include a second set of pay and tax details for your previous offices. The details will be added together in the figures on your P60.

You may need to refer to other records (such as payslips, form P45 Part 1A, or statements of taxable benefit) to work out the figures for pay from the earlier offices to go in each copy of the *Legislative Assembly* pages you complete (one for each office).

If you were unemployed during the year, your P60 figure will include any Jobseeker’s Allowance or Incapacity Benefit you received. Do not include these in the *Legislative Assembly* pages (or any copies of the *Employment* page that you fill in). Instead, you should enter any Jobseeker’s Allowance in box 14 and any taxable Incapacity Benefit in boxes 12 and 13 on page TR 3 of your tax return.

Some of the more common items to include are explained in the 'Money payments' section below. If you received an item or payment in connection with your office and are not sure whether to include it, ask us or your tax adviser for advice.

General rule

Include in box 1 all the income you received as a Legislative Assembly Member or Minister in the year to 5 April 2014, even if you earned it in an earlier tax year or you have been paid for work not yet done. Treat this income as if you received it on the earlier of:

- the date when the payment, or payment on account, was made, or
- the date you became entitled to be paid.

This is so even if you were not paid until later, or received no actual payment because you arranged for the sum due to you to be applied in some other way instead.

Money payments

For every item you must enter the amount **before** deducting any expenses you want to claim.

Money payments you **should** include in box 1 are:

- your salary as a Legislative Assembly Member or Minister
- Statutory Sick Pay, Statutory Maternity Pay, Ordinary Statutory Paternity Pay, Additional Statutory Paternity Pay and Statutory Adoption Pay except when paid by the Social Security Agency
- payments from third parties where the payment is made as a reward for services given, or yet to be given, in your capacity as a Legislative Assembly Member or Minister.

Items you **should not** include in box 1 are:

- benefits and expenses payments received – these go in boxes 3 to 6
- lump sums paid in connection with termination of office, retirement or death. Enter these in boxes 3 to 9 of the 'Shares schemes etc.' section on page Ai 2 of the *Additional information* pages
- payments made to the Assembly Pension Scheme.

If you have received a lump sum payment, for example, a Resettlement Grant which was taxed and included on your P45, and which you have entered in the lump sum boxes on your tax return, make sure you deduct it from the figure you enter in box 1.

Box 2 Tax taken off box 1

Enter in box 2 any tax taken off the amounts entered in box 1.

The tax taken off will be shown on your form P60 or P45 Part 1A. Enter this figure in box 2 even if you had to complete boxes 3 to 9 of the 'Shares schemes etc.' section on page Ai 2 of the *Additional information* pages to make an adjustment in box 1.

Benefits from your office

The Finance Office send us details of all benefits and taxable expenses you received by reason of your office. They will also give you this information.

The details you get will not include any items for which the Finance Office has a dispensation. You do not need to refer to these items.

(A dispensation is an arrangement the Finance Office may have made with us. It saves you the trouble of including as income a benefit or expenses payment you receive as an Assembly Member or Minister and then making a matching claim for the allowable expenses you incur.)

Excess mileage allowances – using your own transport for Legislative Assembly business

If you are paid an allowance for using your own transport, on Legislative Assembly business journeys, the rates paid by the Finance Office exceed the statutory exemption for approved mileage allowance rates. The excess sum is taxable and will be included on the form P60.

Box 3 Office Cost Expenditure

Payments you receive from the Finance Office to reimburse you for expenses you incur, in the performance of your duties as a Legislative Assembly Member or Minister on running an office or on secretarial and research assistance, are all taxable. You can claim any expenses allowable for tax purposes by filling in boxes 7 to 9.

The Finance Office should provide you with details. Enter in box 3 the amount reimbursed or paid to you, or on your behalf. Do not enter anything paid as part of your Incidental Office Costs Allowance for capital items such as office equipment as this is wholly covered by Annual Investment Allowance (see notes on capital allowances on page MLAN 4).

Examples of sums to be included in box 3 are those you receive which cover:

- day-to-day office expenses – like heating, lighting, phone, post, stationery
- secretarial and research assistance – salary, employer's National Insurance contributions, payments to casual assistants.

Box 4 Other cash reimbursements

Enter in box 4 any reimbursements made to you by the Finance Office for vehicle hire costs, taxi fares or any taxable reimbursement not entered elsewhere in these pages. You can claim tax relief for these payments by filling in boxes 7 to 9.

Box 5 All other benefits

The Finance Office should have given you details of other benefits. Those mentioned in boxes 3 and 4 are the most common. Enter in box 5 the total cash equivalent of any other benefits you receive as a Legislative Assembly Member or Minister that you have not included elsewhere, for example, in boxes 3 and 4.

Cash equivalents of other benefits

Cash equivalents are arrived at in different ways, according to the type of benefit.

Assets (other than land and motor vehicles) provided for private use

Where the asset has been available throughout the year, the cash equivalent will generally be based on:

- 20% of its market value when it was first used to provide a benefit, plus
- expenses (other than the cost of acquiring it) incurred in connection with it which would not have been incurred but for the provision of the benefit.

If that total represents benefits provided for more than one Member the cash equivalent for each will be based on a proportion of the whole amount. It is reduced by any amount made good to the provider in return for the benefit. For more information, ask us or your tax adviser.

All other benefits

The cash equivalent is generally what the benefit cost the person who provided it (minus any amount made good to the provider). If that amount represents benefits provided for more than one Member, the cash equivalent for each is a proportion of the whole amount. There is general guidance on benefits and expenses in booklet 480 *Expenses and benefits – A tax guide*, available from hmrc.gov.uk/guidance/480.pdf

Make sure you include in box 5 the benefit of a car, or car and fuel, made available to you by reason of your office as a Legislative Assembly Member. Do not include benefits from any non-Assembly office or employment. Enter these on the *Employment* page of your tax return.

Some of the more common benefits are listed in the Working Sheet below to help you arrive at a total for box 5.

Working Sheet for box 5

Assets provided for private use

£

Home phone(s)

£

Subscriptions and professional fees

£

Goods or services provided

£

Employer supported childcare
(in some circumstances this benefit is **not** chargeable – see booklet 480)

£

Educational assistance provided
(in some circumstances this benefit is **not** chargeable – see booklet 480)

£

All other benefits

£

Total

A £

Copy the figure in box A to box 5 in the
Legislative Assembly pages

Box 6 Balancing charges

You can claim tax relief for the annual depreciation of equipment which you need to use in carrying out your duties. This relief is called ‘capital allowances’. Sometimes, when you sell or give away an item of equipment, some of the capital allowances you have had will be recovered. This is called a ‘balancing charge’.

A detailed explanation of how capital allowances and balancing charges are worked out is given in these notes in the section ‘What are capital allowances and balancing charges?’ which begins on page MLAN 4. If you need further guidance, ask us or your tax adviser.

Office expenses paid out by you

This section explains the rules for claiming expenses necessarily incurred in performing your duties as a Legislative Assembly Member or Minister. Please note that the Finance Office may make payments for you, which are not tax deductible.

Dispersations

Do not include in your claim any expenses which you have paid if:

- you can claim them back from the Finance Office, and
- the expenses are covered by a dispensation.

If you are uncertain whether the Finance Office has a dispensation, you should ask the Finance Office for details. Also see the section headed 'Benefits from your office' starting on page MLAN 2 of these notes.

However, if you have incurred allowable expenditure over and above the amount covered by the dispensation, you may be entitled to claim a deduction for the excess.

Box 7 *Secretarial, clerical and research assistance*

You can claim the expense of employing secretarial, clerical and research assistants when necessarily incurred in performing your duties as a Legislative Assembly Member or Minister. The claim will usually equal the amount of your Office Costs Allowance used for these staff expenses. The Finance Office will provide you with details.

The figure should include payments you made from your own funds and those notified to you by the Finance Office.

The total expenses cannot exceed the income from your office including payments notified to you by the Finance Office.

Box 8 *Office expenses*

Enter in box 8 the total spent during the year on the day-to-day running of your office, for example, on heating, lighting, phone, post and stationery. The figure will often correspond to the amounts that have been paid to you or on your behalf by the Finance Office for those sort of items. They will give you details.

If, during the year, you have paid amounts other than through the Finance Office, put the total of these amounts in box 8.

Box 9 *Other expenses and capital allowances*

Enter in box 9 the total amount of any other expenses and capital allowances.

Other expenses

You can claim only those expenses which each and every Legislative Assembly Member or Minister would have to meet. The expenses have to be incurred in actually carrying out the official duties. Expenses that might put you in a position to do your official duties, rather than actually doing them, are not allowable.

Most of the expenses which you can claim have been covered earlier. However, you may be able to claim for other expenses you incur in the performance of your duties, for example, payments you have entered in box 4 and which meet the qualifying conditions for tax relief. You may have agreed claims with us on other items in the past. If so, you should work out the amount of allowable expenses on the agreed basis. If you are uncertain about what you may be entitled to claim, you should ask us for help **before** filling in box 9.

Capital allowances

Capital allowances will usually be available on the capital cost to you of equipment you have to provide to carry out your duties as a Legislative Assembly Member or Minister. The section below tells you how to work them out. For more information read [Helpsheet 252 *Capital allowances and balancing charges*](#).

If during the year you start or stop using an item for your duties as a Legislative Assembly Member or Minister, work out the capital allowances as if you had bought or sold it on that date using the market value at the time.

What are capital allowances and balancing charges?

This section tells you how to work out your capital allowances and balancing charges that go in boxes 9 and 6 of the *Legislative Assembly* pages. The examples on pages MLAN 5 to MLAN 7 of these notes show you what to do.

Capital allowances are a deduction from your taxable income. They are an allowance for the depreciation of assets or equipment that you have to provide to carry out your duties as a Legislative Assembly Member or Minister. Please enter any capital allowances in box 9.

Balancing charges are an addition to your taxable income. They sometimes arise when you sell assets or equipment on which you previously claimed capital allowances, or if you stop using them for your official duties as a Legislative Assembly Member or Minister. Please enter any balancing charges in box 6.

Which expenses qualify

Generally speaking, anything you use in your official duties that has a useful life of at least two years may qualify for an allowance. They must be things that are necessary in order to fulfil your duties. Typical examples are office equipment such as desks and filing cabinets.

Assets and equipment are regarded as ‘necessary’ if you could not do your official duties without them. They must be things that each and every Legislative Assembly Member or Minister would have to provide.

But you cannot claim capital allowances for a car, motorcycle or cycle as the approved mileage allowance rates include an element for depreciation.

What types of capital allowances are there?

Four types of capital allowance are likely to be relevant to you:

- Annual Investment Allowance (AIA)
- writing down allowances (WDAs)
- small pools allowance (SPA)
- a balancing allowance (when you stop being a Member, or cease to own an asset that you have placed in a ‘single asset pool’, or start using it entirely for purposes other than those connected with your duties as a Member).

(i) Annual Investment Allowance (AIA)

You can claim AIA if you bought equipment (but not cars) during the year up to a set maximum amount. From 1 January 2013 the maximum amount of AIA was increased to £250,000 for a temporary period of two years to 31 December 2014.

Add the cost of the equipment together and, if the total cost does not exceed the maximum amount of the AIA, you can claim 100% of that whole amount as your AIA.

Where you have spent more than your maximum AIA entitlement in a year on equipment:

- add all the expenditure together to make a ‘main pool’ of costs
- deduct any AIA up to your maximum entitlement for that year from that main pool
- add the value of any main pool from the previous year
- deduct the value of any disposals you have made during the year.

You can then claim writing down allowance (WDA) of 18% of the remaining pool value.

Do not include any capital expenditure reimbursed to you by the Finance Office under Office Costs Allowance. We will assume that you have claimed AIA against any amounts reimbursed for capital items because those items have not been included as taxable income in box 3 of the *Legislative Assembly* pages of your tax return. If you do not want to claim the AIA, include the amount of Office Costs Allowance paid for capital items in box 3 and explain the position in the ‘Any other information’ box, box 10 on page MLA 2.

(ii) Writing down allowances (WDAs)

If the total of your purchases is more than your AIA claim, any excess is put into a ‘pool’ (the ‘main pool’). The pool is your total capital expenditure, after deducting your AIA, and after deducting from the pool any money that you may have received if you have sold any items bought in previous years. You might also have a pool of unrelieved expenditure carried forward from a previous year. If so, add this year’s expenditure, after deducting the AIA and any sale proceeds for this year, to that previous year’s pool figure, to get your new pool total.

Each year you can claim 18% of the net amount in your pool as a ‘writing down allowance’ (WDA).

(iii) Small pools of £1,000 or less

If the balance of such a pool after claiming AIA:

- together with any balance carried forward from any previous year
- less any amount you got from disposing of equipment you no longer use, and
- before you claim any WDA

is £1,000 or less, you may claim that whole amount as a ‘small pools allowance’ (SPA).

Example 1

John has been an MLA for two years. For 2013-14 he spent £500 on necessary equipment which has not been reimbursed by the Finance Office. He has a pool brought forward of £700 from 2012-13. He can claim:

- the full £500 as AIA, and
- the £700 pool brought forward as small pools allowance.

What if I became a Member of the Legislative Assembly part-way through the year?

If you became a Member of the Legislative Assembly part-way through the tax year you will be entitled to an appropriately time-apportioned AIA, and a time-apportioned 18% writing down allowance (WDA) or time-apportioned 'small pools allowance' (if appropriate) on any unrelieved balance of expenditure incurred.

Example 2

Jane became a Member on 5 October 2013. As Jane will only have been an MLA for 6 months or $\frac{1}{2}$ of the 2013-14 tax year, no more than a maximum of $\frac{1}{2} \times £250,000 = £125,000$ of her expenditure incurred would be covered by the AIA.

What if I use an item partly for official duties?

If you use the item only partly for your official duties, the allowance you can claim is reduced in proportion to the amount of business use. For example, if a particular item was used three quarters of the time for official business and one quarter privately, you would claim three quarters of the available allowance. If there is any balance of expenditure after AIA, you do not add it to the main pool but instead pool it separately in a single asset pool.

What if I stop using an item for work or stop being a Member of the Legislative Assembly – balancing adjustments?

If during the year you stop using an item of equipment for your official duties or you stop being a Member, you need to make various adjustments to the allowances you have claimed. These adjustments are from the date you stopped using the item for work or from when you sold it.

Include in your calculations the sale proceeds (or market value if you did not sell them) of any capital items on which you previously claimed capital allowances.

There are two types of adjustment: balancing allowances and balancing charges.

(i) Balancing allowances

A balancing allowance may be due:

- for assets and equipment in the main pool if you ceased to be a Member during the year
- for other asset(s) or item(s) of equipment in a single asset pool if during the year
 - you ceased to be a Member, or
 - you sold the item in question, or
 - you stopped using it for your official duties, but did not sell it.

In these cases, the balancing allowance due is:

- the balance of expenditure brought forward from the previous year (if any), together with any new capital expenditure you may have incurred in the current year, minus
- the sale proceeds (or market value if you did not sell them) of the item(s) at the date of cessation, or when you stopped using them for your official duties. (If the asset was one that was used only partly for business use, the sales proceeds taken into account should be adjusted to reflect only the business use of it.)

You should include the amount in your capital allowances claim, in box 9 of the *Legislative Assembly* pages of your tax return.

(ii) Balancing charges

If the disposal value of an item (or items) is greater than the value in the relevant pool, then a balancing charge will arise. A balancing charge is an addition to your taxable income and can arise:

- if you ceased to be a Member in the year, or
- if an asset is sold, or
- if you stop using an item for your official duties, but do not sell it.

In these cases, the balancing charge is:

- the sale proceeds (or market value if you did not sell them) of the item(s) at the date of cessation, or when you stopped using them for your official duties, minus
- the balance (if any) of expenditure in the pool before the disposal or cessation.

You should enter the amount in box 6 of the *Legislative Assembly* pages of your tax return.

Example 3

Brian stopped being a Member on 6 May 2013. He has a pool value brought forward of £300 from 2012-13. He disposes of his equipment for £100.

Period ended 6 May 2013

Value brought forward	£300
-----------------------	------

Minus

Disposal proceeds	£100
-------------------	------

Therefore, balancing allowance	£200
--------------------------------	------

The end result is that there is a balancing allowance of £200 to go in box 9 of the *Legislative Assembly* pages of your tax return.

Example 4

Judith stopped being a Member on 6 May 2013. She has a pool value brought forward of £450 from 2012-13. She sells her equipment for £400 but keeps the computer and printer for her personal use. The computer and printer were worth £150 when she stopped being a Member.

Period ended 6 May 2013

Value brought forward	£450
-----------------------	------

Minus

Disposal proceeds (£400 + £150)	£550
---------------------------------	------

Therefore, balancing charge	£100
-----------------------------	------

The end result is that there is a balancing charge of £100 to go in box 6 of the *Legislative Assembly* pages of your tax return.

Calculating your tax bill

You can work out your tax bill by using the *Tax calculation summary* pages. For more information read the *Tax calculation summary notes* available from the Self Assessment Orderline.

The Working Sheet in the *Tax calculation summary notes* does not have separate boxes for your Legislative Assembly income. You should include the amounts from your *Legislative Assembly* pages in the 'Employment' boxes on the *Tax calculation summary notes*, as follows:

Legislative Assembly pages

Income (box 1)

Benefits (boxes 3 to 6)

Expenses (boxes 7 to 9)

Tax taken off (box 2)

Tax calculation summary notes

enter this in section 1, box A1 (along with any other employment income you have)

add the amounts in boxes 3 to 6 together and enter the total amount in section 1, box A5 (along with the total of any other employment benefits you have)

add the amounts in boxes 7 to 9 together and include the total amount in section 1, box A6 (along with the total of any other employment expenses you have)

include this in the total figure in section 10, box A229 (along with the total of any other tax taken off any employment income).

These notes are for guidance only and reflect the position at the time of writing. They do not affect the right of appeal.