

MPs Expenses 2009

You've read all about the strange claims made by MPs for their expenses and may be horrified by their excesses and creative accountancy but there are some genuine points that have been highlighted in the press that could be applicable for those less fortunate than MPs. Peter Bean takes a look at some examples.

Here's a small selection of extremes, as according to the Daily Telegraph:

- Lynne Jones, (Labour), billed the taxpayer more than £1,100 for upmarket wallpaper as part of a redecoration programme at her second home in London.
- John Greenway, (Conservative MP), claimed for matches worth 59p, two boxes of firelighters worth 99p each, bags of compost, a trellis and plant food. Amongst other claims, he also billed the taxpayer for eight mulled wine sachets in 2004.
- Chris Huhne, (Liberal Democrat) spokesman, regularly submits receipts for bus tickets and groceries including milk, dusters, lavatory rolls and chocolate biscuits.

Obviously some of our learned members have turned their expense claims into something of an art form but it does highlight the need to make sure that you are looking at all elements of expenditure, to see if you can legally make a claim to reduce your tax bill.

Expenditure on properties is one area that is historically underclaimed, as the rules appear complex and poorly drafted.

Second Homes

The whole episode of claiming expenses for second homes has highlighted one important area of tax planning that shouldn't be overlooked: that of [capital gains tax relief available for a second home](#).

Under the heading of "flipping", MPs have been avoiding paying CGT on the sale of a second home, simply by making an election. This is also available for you as a "normal" person, if you have a second home. You can elect which property should be classed as your principal private residence – this then allows you to utilise CGT reliefs accordingly.

HMRC

It will be interesting to see if HMRC will change their stance in light of the latest revelations. For example, they have always been cynical about claims made by people "employing" family members in a business (see [Arctic Case etc](#)), but it has come to light that Home Secretary Jacqui Smith employs her husband, Richard Timney, as her aide on a salary that could be as much as £40,000 a year.

Taxation Specialists

Whilst this is not a tax case, it may give substance to claims by others who employ their spouses to do certain work and receive payment for it.

Much has also been made about claims made by MPs which might not fall under the “wholly, exclusively and necessarily” criteria laid down by Parliamentary rules.

This phrase is lifted directly from legislation covering all employees and so again may give some substance to future claims by others, if challenged by HMRC.

How we can Help

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We can't promise to obtain a deduction for clearing your moat but you might be surprised at what we can do to help you mitigate your tax bill.

Contact us *now, to see if there is any action that you can take to save tax.*