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Jon Thompson
Chief Executive and Permanent Secretary,
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House of Commons
London
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Dear Member of Parliament,

Tax treatment of security measures for MPs' homes

Following on from the recent IPSA bulletin (13th May) we would now like to explain in more detail the taxable treatment of costs associated with installing additional security measures at MPs' constituency homes.

Previously sums allocated to funding security measures at MPs' constituency homes were considered a taxable benefit in kind. IPSA covered the tax liability on this (through a PAYE Settlement Agreement) on MPs' behalf.

In the light of concerns expressed to IPSA by MPs and by MPs to HMRC about their potential increased tax liability arising from security work on their constituency homes, IPSA and HMRC have been discussing the taxation of these benefits in light of the circumstances MPs face. After consideration, HMRC has decided that the costs and expenses met by IPSA in respect of additional security installed at a MPs' constituency home should be exempt from income tax, in recognition of the increased level and nature of the special threat against MPs.

Previously, to have such expenditure exempt from tax and National Insurance contributions, each MP would have been required to show that a special threat existed to their personal physical security because of their employment as an MP. HMRC considers that the exemption detailed in section 377 ITEPA 2003 now applies to MPs as a group. It is therefore now no longer necessary for MPs to show how the exemption might apply to them personally, such as by obtaining an individual police report.

This is for information only. The payments made by IPSA for home security are exempt from tax and no action is required.

Yours sincerely,

Marcial Boo

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