

Members Allowance Guidance

1. **Power** – the Local Authorities (Members' Allowances) (England) Regulations 2003 and amendment 2004.

Travelling and subsistence allowances treated separately.

2. **Records** – of all allowance payments are required. As soon as possible after the end of every financial year a notice must be displayed in a conspicuous place in the Parish for a period of at least 14 days giving details of the total sum paid over the year in question, together with the details of the amounts paid to each member of the Council in respect of the Parish basic allowance and travelling and subsistence allowances.
3. **Forgo** – a member is able to elect in writing to the Town Clerk that they wish to forgo all or any part of their entitlement to the allowances.
4. **Tax** – there are tax implications for Councillors if allowances are paid or if subsistence and travel are paid at above the current HMRC tax exempt rates. Allowances are treated as income arising from Councillors' office (the equivalent of a person's employment) and they are taxable under the PAYE system. The allowances are liable to NIC. However, the NIC's earnings threshold (the equivalent of £139 in 2011-12) means it is unlikely any NIC's will be due.
5. **Expenses** – all expenses payments reimbursed to a Councillor will have to be declared to the HM Revenue & Customs Office on form P11D if the participation allowance and other payments total £8,500 or more in a year.
Where the expenses are **qualifying** expenses and the amounts do not include an element of profit, the local HM Revenue & Customs Office can give a dispensation which frees you from the need to declare the amounts on form P11D. The Councillor at the same time is relieved of the need to declare the expenses on his/her tax return.