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18 MAY 2009

Christopher Kelly
Chair: Committee on Standards in Public Life
35 Great Smith Street
London SW1P 3BQ

14th May 09

Dear Mr. Kelly,

I have been following the recent controversy regarding MP's expenses with professional interest and feel that there is a simple, cost effective solution to the problem as detailed below: -

1. Every MP should retain the services of a qualified accountant, for example a Member of the Institute of Chartered Accountants in England and Wales, who will be required to report on the correctness of each and every claim submitted by their client. Accountants are the ideal people to do this as we are wholly familiar with the concept of expenditure being "Wholly, Completely and Necessarily" for the purposes of an employment as this forms the basis of allowable expenditure in Income Tax Law under Schedule E, that schedule of taxation which deals with employees. We constantly have to consider this with our dealings with the Inland Revenue on behalf of clients;
2. A report would be made when required to the appropriate office, maybe the fees office, that there has been full compliance with the regulations and with the spirit of the regulations and any exceptions would be reported to the fees office.
3. Where there have been errors in claims, these would also be reported on the MPs' Tax Returns to the Inland Revenue so they are assessed for income tax, which would be refundable when the over-claim was paid back. They could also be assessed on the notional interest on the benefit they received on their incorrect claim until the over claim was refunded. This is analogous to the treatment of Directors of limited companies.

The cost of this should be minimal; I would estimate no more than an additional £500 per year per MP, depending on the final reporting requirement required. Consideration could be given as to whether this was a cost that should actually be borne by the MP's themselves and so demonstrably not a cost to the tax payer.

This reporting process is already being carried out on the office and salaries expenses of Labour Party MEPs, reports being made to the EPLP. In my firm we have acted in this capacity for a number of MEPs over the years and I am sure that they will be willing to explain to you how the process has assisted them.

I trust you find this useful, but please feel free to contact me if you want to discuss this further.

Yours sincerely,

CC Gordon Brown MP
Ivan Lewis MP
Gary Titley MEP