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From: r harrison [mailto:]
Sent: 18 May 2009 17:53
To: Inquiry
Cc:
Subject: Second Homes for MP's

Dear Sirs

I write to suggest a possible solution to the issue of potential capital gains in a second home which was funded in part by taxpayers.

I am a retired very senior HR practitioner, most of whose career was with a large multinational with a deserved and proud reputation for ethical behaviour. I have inter alia held a senior staff role in global remuneration.

I also served for three years in Holland, commuting at weekends to a family home in the UK - analogous in many ways to the position of MP's with families or constituencies far from London. (I was also an expatriate in the normal way in Singapore and Australia).

As a "commuting" expatriate I experienced a system for a second home which was designed to be fair and to minimise tax costs for the company, and which I think would suit the present need in Parliament.

In essence, a small cost second home was purchased (more cost effective than the then difficult Dutch rental market) by me, through the company's agency. At initial purchase, I signed a binding contract to resell the property when I left the company in Holland, and to resell it at the initial purchase price. I was thus insured against the (historically actual) risk of a falling property market, and precluded from benefiting from any rise.

The expenses of a second home were based on the principle that every manager has, and should carry, the costs of providing for one home in full (with their partner), but that no manager should incur more than the cost of one home in order to carry out their duties. The expenses of the smaller home (mortgage, utilities, transaction costs) were met by an allowance to their actual value as evidenced by receipts. The size/cost/location of an "appropriate" second home was established on a case by case basis. Later, as the manager responsible for suggesting policy in expatriations, I refined the system in other countries and cases, and specifically addressed cases where partners were both working as expatriates. I also developed a similar system in Australasia, where managers from New Zealand and Australia worked in a "mini-multinational" covering both countries.

Similar policies could be revisited for MP's and best current practice inquired into. It would probably meet MP's concerns for a genuine fair process of securing a London base, and allay public anxieties about windfall property gains or excessive living costs being disbursed.

I would be happy to give evidence in person, and/or to work up a possible scheme for Parliament, if your Committee would so wish.

Yours sincerely
R Harrison

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21/05/2009