

Wiltshire

2<sup>nd</sup> June 2009

Dear Sir Christopher & Colleagues

My wife and I share the general sense of outrage and disgust at the dubious financial practices of a substantial number of our MPs but cannot really understand why this should not be perfectly easy to rectify; simply by basing their salary and expenses on a set of existing HMRC rules - to wit, those available to those working through limited companies, such as the one I was asked to form a few years ago by a major client, before being able to contract my, previously self-employed services, to them.

If, upon election, each MP formed a private company, becoming, for example, "John or Jane Smith MP Limited", then he/she would be bound by HMRC's Guide to Business Expenses <http://www.hmrc.gov.uk/employers/ebik/ebik2/table-of-contents.htm> , just as I am. Why reinvent the wheel?!

These clear requirements are comprehensive but straightforward and open with "All expense claims must relate to expenses that you have incurred 'wholly and necessarily' in the course of your business" ( in this case, Parliamentary and constituency business - no other! ). I have to file expense claims every month, including all receipts and these are checked and approved, or disallowed, by my company accountants. The rates for travel, overnight accommodation, subsistence etc are all listed and, although not generous, in my experience perfectly adequate for the purpose of working and staying away from home. The only modifications which might be necessary to agree with HMRC, to accommodate an MP's particular occupation and fixed location of work, is to waive the "24 Month Rule" regarding loss of tax relief after that period of time of working in the same place and also to, perhaps, allow a tax free standard class train travel warrant between their constituency and Parliament. ( All other travel expenses, including mileage, as per HMRC rules ).

Having said that we also think that:-

- 1) An MP's home should be in his/her constituency and there should be no such thing as a "second home"! There should only be 'temporary' rented accommodation, within range of Parliament - for those MPs unable to commute sensibly - covered by HMRC's £60 per overnight allowance - in an MP's case, perhaps £300 per week/£1200 per month; which should be more than adequate to cover the annual rent of suitable one/two bedroom self-contained accommodation. All receipted!

Taxpayers should definitely not be reimbursing any mortgage or other advantageous interest!

- 2) An MP's salary should be about two-and-a-half times the average UK salary - which it seems to be, pretty much, at the moment. Linked to this it could be automatically reviewed, for example, every September, for payment from January to December each year. This would keep MPs grounded with their constituents and remove the need for review bodies and endless arguments over salary levels.

Pensions and severance payments, which used, many years ago to be very poor, are now far too generous and should be looked at and revised downwards; in line with standard tax rules and, again, an average working person's benefits under similar circumstances.

- 3) All accounts should be filed within 90 days of the end of a Tax Year - failure to do so being punished by suspension without pay until achieved.

In summary, no one is forced to become an MP and the implications of that way of life - its advantages and disadvantages - are something which should be seriously considered by any potential MP and his/her family, before putting themselves forward. The desire to become a Member of Parliament should not be seen as a career but, rather, as a calling and, once elected, a privilege to represent and set an example, beyond reproach, to one's electorate.

No MP should obtain pecuniary gain, or suffer loss, from performing their Parliamentary obligations.

We trust that our thoughts and observations may be of some assistance to you in your present, unenviable, task and wish you every success in achieving an outcome which will be broadly acceptable to the electorate, as well as existing and aspiring MPs.

Yours sincerely

*K & D Hunt*