



LG 08/2017

29 November 2017

### **Update in relation to expenses and allowances for local authority members**

Dear Chief Executive,

I refer to circular LG 07/2017 that issued on 15 November 2017 concerning the expenses and allowances of elected members of local authorities. I wish to update you concerning further developments since the previous circular issued.

#### Vouched Expenses Allowance

The amending regulations (S.I. No. 494 of 2017) provided for the introduction of a new vouched expenses allowance that elected members may choose to opt for in place of the existing fixed annual rate for miscellaneous expenses. Circular LG 07/2017, Part I, Schedule A set out the eligible expenditure categories that apply to the new vouched expenses allowance.

John Paul Phelan T.D., Minister of State for Local Government and Electoral Reform, subsequently attended a debate on councillors' conditions in Seanad Éireann on 22 November 2017. While addressing the members of Seanad Éireann the Minister made the following announcements in relation to the revision and further extension of eligible expenditure categories under the new vouched expenses allowance:

- In relation to the purchase of secretarial support, the requirement for the person providing the secretarial support to be registered with an employment agency will not apply. Instead it will apply to any person who has a PPS number once details of work that has been carried out and payment made by the member are provided to the local authority. The responsibility will rest with individual members to ensure that, when hiring a person to provide secretarial support, this is done on a basis that is fully compliant with relevant employment and taxation laws.
- Additional vouched eligible expenditure categories will be added to include rent, rates, utilities and other such charges in relation to an office, including a home office. The terms that apply to this will be the same as for Oireachtas members under the Public Representation Allowance (PRA).



- The Minister also announced his intention to provide a further category of vouched eligible expenditure for child care costs incurred by members when they are attending council meetings. This would also apply to members who are carers providing full-time care and attention to a person in need of care. The Department is currently considering the terms that would apply to such payments.

These measures will all be backdated to 1 July 2017.

The maximum amount that may be claimed by an individual elected member will remain set at €5,000 per annum (or €2,500 for the period 1 July – 31 December 2017).

The 10 day period referred to in circular LG 07/2017 in which members had to decide whether to opt for the new vouched expenses allowance or remain on the fixed annual rate will now be further extended for a period of time until after the eligible expenditure categories are finalised and final directions have issued.

The Department will issue a further circular in December updating the directions provided under circular LG 07/2017 to take account of these changes and setting out further details on the terms that will apply.

A full transcript of the Seanad debate is available online on the Oireachtas website - <https://beta.oireachtas.ie/en/debates/debate/seanad/2017-11-22/14/>

### Taxation

The Department has received several queries from local authorities regarding taxation, in particular in relation to the new €1,000 allowance for members of municipal districts and area committees.

The Department undertook preliminary consultation with the Revenue Commissioners earlier this year following the announcement by former Minister Coveney to provide additional supports to members (circular LG 01/2017). Based on this consultation the Department expects that the new €1,000 allowance for members of municipal districts and area committees will be liable for tax and PRSI in the normal way. However, the Revenue Commissioners advised that they could not make a final ruling until the new amending regulations were given effect and updated directions issued by the Department. It is ultimately a matter for the Revenue Commissioners to rule on taxation issues.

The Department has provided copies of the amending regulations and circular LG 07/2017 to the Revenue Commissioners and the full range of allowances set out therein are currently being reviewed. The Revenue Commissioners have advised the Department that they expect to revert with a written position in early December. The Department will then communicate this position to local authorities.



Finally, on a point of clarification, please note that there is an error in the rates set out in the table on page 17 of Circular LG 07/2017. The travel rate for members who have driven for between 5501km and 25000km with engines with capacities of 1501cc or over is 32.21 cents per kilometre, not 31.21 cents as stated in the Directions.

If further clarification is sought in relation to these matters, please contact Grant Couper at [grant.couper@housing.gov.ie](mailto:grant.couper@housing.gov.ie) or Gary McGuinn at [gary.mcguinn@housing.gov.ie](mailto:gary.mcguinn@housing.gov.ie).

Yours sincerely,

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Local Government Oversight and Governance

To: the Chief Executive Officer of each local authority

Cc: the Association of Irish Local Government and the Local Authority Members Association