



LG 05/2021

12 November 2021

Re: Allowances and Expenses of Elected Members

Dear Chief Executive,

I am directed by Peter Burke TD, Minister of State for Local Government and Planning, to refer to the enclosed directions in relation to payments made to elected members by local authorities under sections 142 and 143 of the Local Government Act 2001.

As you will recall, new Regulations (S.I. No's 312 and 313 of 2021) were given effect from 1 July 2021 introducing major reforms to the remuneration and expenses of elected members. Circular LG 02/2021 issued on 30 June 2021 to notify local authorities of these reforms. Local authorities were directed to proceed to implement the new salary-type remuneration payment with effect from 1 July and to continue to pay members' expenses allowances under the existing expenses regime set out under S.I. No. 236 of 2014 and circular LG 04/2019 pending the issuing of further directions regarding the terms and conditions that apply to the new expenses regime.

The Department also notified the Revenue Commissioners that the new Regulations had been given effect. This commenced a formal review process by Revenue of the revised arrangements and the broader financial support package for members. This process has now concluded. The enclosed directions accordingly set out the terms and conditions that apply to the new expenses regime as well as the rulings of the Revenue Commissioners in relation to the tax treatment of allowances.

The main points to note are as follows:

- It was confirmed that the new salary type annual remuneration payment, worth €26,153 per annum since 1 October 2021, is subject to tax in the normal way (the same as the Representational Payment that preceded it).
- The Civil Service domestic subsistence day rates are being increased with effect from 1 December 2021. This is in accordance with a recent circular issued by the Department for Public Expenditure and Reform. The 10 hour rate provides the basis for calculating members' annual subsistence index under the Annual Expenses Allowance so this will need to be re-calculated from 1 December.



- The new Local Representation Allowance, worth up to €5,160 per annum, is payable without deduction of tax. The enclosed directions set out the eligible expenditure categories. In addition to the categories that applied under the old optional vouched expenses allowance (such as equipment and furniture for home offices) there are additional items of eligible expenditure allow for, including graphic design, pre-paid envelopes and costs associated with the carrying out of research. A petty cash element is also included worth €80 per month that is payable on an unvouched basis.
- A transitional period applies from 1 July 2021 to 31 December 2021 whereby each member may choose, instead of claiming the Local Representational Allowance, to continue receiving a monthly payment equivalent to the monthly payment for the fixed annual rate that applied pre-July 2021 (that was worth either €2,286, €2,413, €2,540 or €2,667 per annum depending upon the indexed band of the local authority). This payment may continue to be made on an unvouched basis. This transitional period will end on 31 December 2021 and all members will thereafter be moved onto the LRA.
- The Revenue Commissioners have ruled that the allowance for Chairpersons of Strategic Policy Committees is fully taxable with effect from 1 January 2022. It was the view of the Revenue Commissioners that this is a traditional salary or allowance payment given that members receive other expenses allowances to offset costs associated with attending meetings and for misc. expenses.

A copy of this circular has been made available on the Sharepoint system, and you are asked to please ensure that it is circulated to each elected member of your local authority and relevant employees dealing with the processing of members' remuneration and expenses.

Any queries in relation to this circular may be directed to Jeanette Young at jeanette.young@housing.gov.ie, 01 888 2728, or to Gary Mc Guinn gary.mcguinn@housing.gov.ie, 01 888 2800.

Yours sincerely

Gary McGuinn
Assistant Principal Officer
Local Government Governance and Elected Members

cc. AILG, LAMA