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Report 01.16

25 January 2001

File: E/5/1/55

Notice of Motion

Cr Gibson has given notice of his intention to move the following motion:

“That the matter of Council officers making deductions from the reimbursement of mileage expenses to appointees to Council Committees (including Ara Tahi) be included in the Order Paper for consideration at the Policy & Finance Committee Meeting scheduled for 8 March 2001.”

Chairman’s Comments

Cr Gibson had had lengthy discussions with Mr Schollum about this matter.

Withholding tax has continued to be deducted from mileage allowances in accordance with advice received from the IRD (refer attached memo from Mr Schollum to Councillors dated 31 March 2000 (**Attachment 1**) and letter from the IRD dated 28 March 2000 (**Attachment 2**)).

The important distinction drawn by the IRD is that a motor vehicle allowance is an allowance rather than a reimbursement (see p3 of the IRD letter).

Cr Gibson also refers to a facsimile to Mr Schollum from Audit New Zealand dated 4 April 2000 (**Attachment 3**) which is also being circulated to Councillors separately.

Local Government New Zealand, has on behalf of all local authorities in New Zealand, had extensive discussions about all issues relating to taxation of payments to Councillors.

Attachment 1: Memo dated 31 March 2000

Attachment 2: Letter from IRD dated 28 March 2000

Attachment 3: Facsimile dated 4 April 2000