



*caring about you & your environment*

31 March 2000

**MEMORANDUM**

To: Councillors  
From: Greg Schollum

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**Taxation of Elected Members**

I attach a copy of a letter received today from the IRD.

It concludes that reimbursement of Councillors' expenditure can now be exempted **from** withholding tax as long as:

- ⇒ The expenditure has been incurred by the elected member in **the** course of duties performed on behalf of **the** Council
- ⇒ The expenditure is reimbursed on the receipt of appropriate supporting invoices

It is good to see **that** common sense has prevailed.

The IRD states clearly that the exemption does not apply to allowances (e.g. motor vehicle allowance). Therefore tax will still need to be deducted from allowances.

We will implement these changes with effect from 1 April 2000.



GREG SCHOLLUM  
Chief Financial Officer