

Rt Hon Nicola Sturgeon MSP
First Minister of Scotland



Scottish Government
Riaghaltas na h-Alba
gov.scot

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Leslie Evens
Permanent Secretary
The Scottish Government
St Andrew's House
Regent Road
Edinburgh EH1 3DG

05 July 2017

Tax Treatment of Bute House

I have recently raised some questions around the application of the agreement between HM Revenue and Customs and the Scottish Government on the tax treatment of my Official Residence, Bute House.

As you know, I have thus far followed the advice I have been given but you will appreciate my interest in ensuring that the advice I receive relating to my personal tax obligations is at all times accurate, consistent with the law and respects any agreement reached with HM Revenue and Customs.

I would be grateful if you could give these matters your urgent attention, and provide me with refreshed advice, considered in consultation with HM Revenue and Customs, on how the issues above are to be addressed.

NICOLA STURGEON

From: [Redacted]
Sent: 11 April 2017 15:01
To: [Redacted]
Cc: [Redacted]
Subject: P11d exercise for 2016-17

Hi [Redacted]

Please see the email trail below, I would be grateful if you would provide the P11d for the First Minister for 2016-17 by the 2nd May to enable me to make the payment by the timescale set by HMRC.

[Redacted]
People Directorate Finance Branch
[Redacted]
Saughton House
Broomhouse Drive
Edinburgh
EH11 3XD
[Redacted]

From: [Redacted]
Sent: 11 April 2017 14:51
To: [Redacted]
Cc: [Redacted]
Subject: P11d exercise for 2016-17

Hi All,

You may recall that last year there was some discussion/confusion about the arrangements for the completion of the P11D, and there were some difficulties in determining where the information came from and what was done with it.

The conclusion to all of this is that it is best dealt with by the FM's office – we spoke last year with [Redacted]. It isn't something that sits comfortably with Accountancy Services, but I think [Redacted] in FM's office should be able to help you. The only role for Accountancy Services is that we report the figure in the consolidated accounts, but we do not calculate it.

Hope this helps.

Best wishes

[Redacted]
Accountancy Services
Scottish Government
[Redacted]

Victoria Quay
Edinburgh EH6 6QQ
[Redacted]

From: [Redacted]
Sent: 11 April 2017 14:38
To: [Redacted]
Cc: [Redacted]
Subject: P11d exercise for 2016-17

From: [Redacted]
Sent: 04 April 2017 11:59
To: [Redacted]
Cc: [Redacted]
Subject: P11d exercise for 2016-17

[Redacted]

It's the time of year when Relocation Services have to undertake the P11d exercise to report the non-pay benefits paid to staff during the 2016-2017 year and surrender the Class 1A NIC's to HMRC.

Can you please provide the P11d for the First Minister as in previous years.

I would be grateful if you could provide a reply by the 2nd May to enable us to complete the P11d exercise within the timescale set by HMRC.

Thank you

[Redacted]

People Directorate Finance Branch
[Redacted]
Saughton House
Broomhouse Drive
Edinburgh EH11 3XD
[Redacted]

From: [Redacted]
Sent: 09 June 2016 02:57 PM
To: [Redacted]
Cc: [Redacted]
Subject: FM P11D: [Redacted] private use to record for 2015-2016

[Redacted]

FM P11D: [Redacted] private use to record for 2015-2016

I am conscious that the P11D form is due on 06 July with HMRC

<https://www.gov.uk/government/publications/payee-end-of-year-expenses-and-benefits-p11d>

[Redacted]

Accountancy colleagues hold the information required for the FM's return, however, there were issues we were scheduled to follow up on; and obviously the FM will need to be briefed on this before the form is returned to HMRC, and clear the dates. FMPO may wish to check any changes in declared salary with Scottish Parliament.

[Redacted] was leading on following up, and I anticipate will catch up with you [Redacted] next week. [Redacted] can check any dates with [Redacted] and can support [Redacted] with reference to any past practice, however, I would like FMPO PSs to lead on this and liaise with accountancy colleagues. [Redacted] can provide the link to special advisers, as needed; and [Redacted] took an interest (as I recall).

P11D relates to FM's private use of Bute and personal data, and so I would be grateful if we can keep emails to a minimum and circulation lists very limited.

I am on leave for the next two weeks, happy to discuss tomorrow and on return (Monday 27 June).

Thanks,

[Redacted]

St Andrew's House
[Redacted]
Regent Road
Edinburgh
EH1 3DG
[Redacted]

From: [Redacted]
Sent: 06 April 2016 11:08
To: [Redacted]
Cc: [Redacted]
Subject: 2015-16 First Minister's Benefit in Kind Calculation

Hi [Redacted], FMPO
[Redacted] – for info

2015-16 First Minister's Benefit in Kind Calculation	Deadline: 15 June 2016
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You will remember this procedure from last year [Redacted], and I am now asking for updated information for period 1st April 2015 to 31st March 2016 inclusive. As previously discussed, we are looking for any dates during this timeframe where FM used Bute House for her own private use. Equally, if Bute House was not used for private use whatsoever during this timeframe then we would require a nil return to confirm. As discussed last year, any queries relating to this should be submitted to a relevant tax advisor rather than Accountancy Services.

It will be greatly appreciated if any dates can be confirmed and submitted to myself at the earliest possible opportunity, so as to complete the relevant calculations and submit the relevant returns to HMRC in good time, noting this years's deadline of 1st July (for the SG) and 6th July (for HMRC).

Happy to discuss this request as necessary, and I will follow up towards the end of May.

Kind regards

[Redacted]
Accountancy Services Unit
Scottish Government
Victoria Quay
Edinburgh
EH66 6QQ
[Redacted]

From: [Redacted]
Sent: 01 July 2015 16:19
To: [Redacted]
Cc: [Redacted]
Subject: Benefit-in-Kind – Private Use of Bute Hosue during Tax year 2014/15 – computation of tax liability.

[Redacted]
Cc. as above

With thanks to [Redacted] and colleagues for arranging to get the necessary information before the deadline for return to HMRC, please find below the calculation for use in the FM's P11D form for tax year 2014/15. Please note that separate arrangements are needed for FFM (see below)

First Minister

In line with the treatment in previous years the calculation of the calculable benefit arising from the First Minister's use of Bute House for 'private use' is as follows.

As the costs of maintaining Bute House are considerable I have assumed that any benefit will be on the basis of 10% of the ministerial salary. The calculation has been based on the FM's salary as at 31 March 2015, which was [Redacted]. As Ms

Sturgeon entered office on 19th November 2014, the number of days she was in office during the 20-14/15 tax year was 133 days.

My calculation of the tax amount to be charged to Ms Sturgeon is:

$([\text{Redacted}] \times 113/365 \times 10\% \times ([\text{Redacted}]/133)) = [\text{Redacted}]$

As in previous years, I have assumed that the class 1A employers's contribution will be met by the Scottish Government. The class 1A amount is $[\text{Redacted}]$ ($[\text{Redacted}] \times 13.8\%$).

Former First Minister

We are awaiting confirmation from FFM's constituency office $[\text{Redacted}]$

Many thanks
 $[\text{Redacted}]$

Financial Management and Reporting
Scottish Government
Victoria Quay
EH66QQ
 $[\text{Redacted}]$

From: $[\text{Redacted}]$
Sent: 01 July 2015 13:01
To: $[\text{Redacted}]$
Cc: $[\text{Redacted}]$
Subject: Bute House 'Personal Use' Dates – P11D for HMRC for FFM and FM

$[\text{Redacted}]$

Bute House 'Personal Use' Dates – P11D for HMRC for FFM and FM

To complete the P11D forms for FFM and FM, please find below the dates for personal use for financial year 2014-15.

Former First Minister Alex Salmond

$[\text{Redacted}]$

First Minister Nicola Sturgeon

$[\text{Redacted}]$

First Minister's dates have been approved by special advisers, and you can now submit the P11D form for the First Minister.

For Former First Minister, I will now email his constituency team and ask them to confirm that they are content with [Redacted] (approved by special advisers). If you would be able to prepare the form for FFM Alex Salmond, but not submit until we have final approval from his constituency team, that would be very helpful. I will email as soon as that is through (today or tomorrow).

Thank you,

[Redacted]

St Andrew's House

[Redacted]

Regent Road

Edinburgh

EH1 3DG

[Redacted]

From: [Redacted]

Sent: 15 January 2015 13:32

To: [Redacted]

Cc: [Redacted]

Subject: Bute House: tax and declarations information

Good afternoon [Redacted]

Further to our chat yesterday, I have now double checked with my colleagues here in accountancy services, and can confirm that the calculation of benefit is a simple formula of nights stayed at Bute House multiplied by a fraction of the FM salary. It has been done this way for a number of years. I understand that HMRC have an online system for the reporting to them of these benefits, and that last year colleagues in HROD were responsible for completing the form (P11D). The contact we had in HROD last year was [Redacted]. Our involvement is in respect of obtaining a figure for the year end accounts which are audited in July/August and published in September.

Hope this helps.

Regards

[Redacted]

Accountancy Services

Scottish Government

[Redacted]

Victoria Quay

Edinburgh

EH6 6QQ

[Redacted]

From: [Redacted]
Sent: 13 January 2015 20:36
To: [Redacted]
Cc: [Redacted]
Subject: Bute House: tax and declarations information

Hello [Redacted] and [Redacted]

I want to check I had not missed an email from [Redacted] on this in December (I'm just trying to clear action points and schedule the year ahead, and it's been on my mind that this is still outstanding). It would be ideal if we could meet up or liaison on how to move forward on this during this week?

[Redacted]

Would we be able to meet up to discuss?

Redacted]

Thanks very much, and [Redacted] and I could pop down to VQ on Thursday or Friday to meet up; or you may be able to come to SAH? I start the day in SH tomorrow, however, should be back at desk by 11:00 in SAH if you would like to discuss.

All best,

[Redacted]

St Andrew's House
[Redacted]
Regent Road
Edinburgh
EH1 3DG
[Redacted]

From: [Redacted]
Sent: 09 December 2014 12:17
To: [Redacted]
Cc: [Redacted]
Subject: Bute House: tax and declarations information

Many thanks for setting this out [Redacted] and I agree that early clarification very beneficial. I've discussed with my colleague [Redacted], Accountancy Services who will take forward and advise as required.

Cheers

[Redacted]
9/12

[Redacted]
Scottish Government – Finance Directorate
Corporate Reporting Division
[Redacted]

From: [Redacted]
Sent: 09 December 2014 12:09
To: [Redacted]
Cc: [Redacted]
Subject: Bute House: tax and declarations information

Hello [Redacted]

Bute House: tax and declarations information

Thanks for the brief word on Bute House and FM's tax return. To keep FM's PPS and PS, just an email to confirm that it would be helpful if your team would update us this week on requirements around:

- recording nights used for FM (a simple log of nights stayed), or whether an estimate is acceptable.
- whether we need to record any visitors at Bute for tax purposes, including confirmation that we would not record any family members staying overnight – would there be a difference between hosting family, friends or stakeholders? Also any tax definition of what constitutes family would assist.
- a recommendation on whether there are tax implications for an FM's spouse for taxable benefits gained from Bute House if they also use the House – can we provide advice to spouses on this.
- I would like us to look at any information we need to provide for the Former FM Mr Salmond, as well as providing succinct briefing for the FM. We could, for example, prepare any information required for Former FM's accountant/tax returns in early January to help us complete all elements of FM transition work.

Thanks again for discussions, and I'm very happy to discuss – I'd like us to be well ahead of the tax deadline on this for this year (was it midsummer?), and so I'm very open to early collaboration.

[Redacted]

St Andrew's House
[Redacted]
Regent Road

Edinburgh
EH1 3DG
[Redacted]

From: [Redacted]
Sent: 01 July 2014 15:08
To: [Redacted]
Cc: [Redacted]
Subject: RE: For response today if possible: (Urgent from colleagues) First Minister's use of Bute House – Benefit in Kind Tax Calculation.
Sensitivity:

Thanks [Redacted]

[Redacted] put it in the box on the 12th June but it seems that it hasn't come back. Could someone check this is still with FM please?

12/06/2014	For information	Bute House – benefit in kind tax calculation	[Redacted]
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From: [Redacted]
Sent: 12 June 2014 11:01
To: [Redacted]
Cc: [Redacted]
Subject: First Minister's Use of Bute House – Benefit in Kind Tax Calculation
Importance: High

[Redacted]

Thank you for providing the details of the use of Bute House for 'Private Use' by the First Minister.

In line with the treatment in previous years the calculation of the taxable benefit arising from the First Minister's use of Bute House for 'private use' is as follows.

As the costs of maintaining Bute House are considerable I have assumed that any benefit will be on the basis of 10% of the ministerial salary. The calculation has been based on the FM's 2012/13 salary (I do not have the 2013/4 figure) which was [Redacted]. My calculation of the tax amount to be charged to [Redacted] is:

$([\text{Redacted}] \times 10\%) \times [\text{Redacted}] / 365 = [\text{Redacted}]$

As in previous years, I have assumed that the class 1A employer's contribution will be met by the Scottish Government. The class 1A amount is [Redacted] (Redacted x 13.8%).

I would be grateful if you would seek agreement of this calculation with the First Minister, after which time I will pass the information to HROD for them to complete his P11d.

Thanks

[Redacted]

From: [Redacted]
Sent: 30 May 2014 16:06
To: [Redacted]
Cc: [Redacted]
Subject: 2013-14 Tax Year – Benefit in Kind – Calculation of tax liability for First Minister’s private use of Bute House
Sensitivity: Confidential

Hi [Redacted],

[Redacted]

Apologies that you have not received the dates sooner.

Many Thanks,
[Redacted]

Scottish Government
[Redacted]
St Andrew’s House, Regent Road, Edinburgh, EH1 3DG [Redacted]

From: [Redacted]
Sent: 03 April 2014 16:02
To: [Redacted]
Cc: [Redacted]
Subject: 2013-14 Tax Year – Benefit in Kind – Calculation of tax liability for First Minister’s private use of Bute House
Sensitivity: Confidential

PS/First Minister
cc. as above

Request for Information

In previous years, Accountancy Services Unit have assisted the First Minister by calculating the tax payable as a result of his use of Bute House. In order to do this, FM’s Private Office have provided information on the dates when Bute House was used for the First Minister’s ‘Private Use’ (see below).

I would therefore be grateful for the dates when the First Minister used Bute House for private use between 1 April 2014 and 31 March 2014 in order that I complete the necessary calculation.

After which I will pass this back to you in order that the relevant online form can be completed on the First Minister's behalf.

Timescale

The deadline by which the calculation is required by HR is **31st May 2014** therefore an early response will be greatly appreciated.

Background

The Scottish Government has a responsibility to provide HM Revenue and Customs (HMRC) with a P11D form detailing the "Benefit in Kind" that arose from the First Minister's "Private use" of Bute House during the tax year. HMRC have guidance on the P11D process [here](#). You will note that HMRC request that the P11D form to be completed online, which may require an online account to be created for the First Minister's personal tax affairs (unless one is already in operation).

Please note that the term "Private Use" includes periods when members of family are in occupation, when guests are in occupation and occasions where Bute House is used for party political purposes. Once I receive this information I will calculate the "Benefit in Kind" and return it to the FM's office for approval and submission to HMRC.

If you require clarification you can either contact Accountancy Services Unit or search for advice on the [HRMC website](#).

Kind regards

[Redacted]

Accountancy Services
Scottish Government
Victoria Quay
Edinburgh
EH6 6QQ
[Redacted]

From: [Redacted]
Sent: 01 June 2011: 11:03
To: [Redacted]
Cc: [Redacted]
Subject: Restricted – taxable "Benefit in Kind" use of Bute House
Importance: High
Sensitivity: Confidential

[Redacted]

Thank you for providing the details of the use of Bute House for 'Private Use' by the First Minister.

In line with the treatment in previous years the calculation of the taxable benefit arising from the First Minister's use of Bute House is for 'private use' is as follows.

As the costs of maintaining Bute House are considerable I have assumed that any benefit will be on the basis of 10% of the ministerial salary, Under the Scottish Parliament Salaries Scheme, the salary payable to the First Minister with effect from the 1 April 2010 for the period to 31 March 2011 was [Redacted]. My calculation of the tax amount to be charged to Mr Salmond is:

$([\text{Redacted}] \times 10\%) \times [\text{Redacted}] / 365 = [\text{Redacted}]$

As in previous years, I have assumed that the class 1A employer's contribution will be met by the Scottish Government. The class 1A amount is £[Redacted] ([Redacted] x 12.8%).

I would be grateful if you seek of agreement of this calculation with the First Minsiter, after which time I will arrange for a return to be sent to HMRC and I will forward a copy of the P11D to pass to First Minister for his own records.

HR have asked that the P11D is completed ASAP to allow the Class 1A National Insurance contributions to be paid to HMRC. It would be appreciated if you could get back to me by the 10 June 2011, I appreciate this does not allow much time to seek agreement, grateful if you could let know if this deadline can be achieved.

Thanks

[Redacted]

Accountancy Services
[Redacted]
Victoria Quay
[Redacted]

From: [Redacted]
Sent: 23 May 2011 17:21
To: [Redacted]
Cc: [Redacted]
Subject: RE: Restricted – taxable "Benefit in Kind" use of Bute House
Sensitivity: Confidential

[Redacted]

Apologies for the delay in replying.

Cheers

[Redacted]

DPS/First Minister
5th Floor, St Andrew's House
[Redacted]

From: [Redacted]
Sent: 06 April 2011 16:48
To: [Redacted]
Cc: [Redacted]
Subject: Restricted – taxable “Benefit in Kind” use of Bute House

Importance: High
Sensitivity: Confidential

Follow up Flag: Follow up
Due By: 05 April 2011 00:00
Flag Status: Flagged

[Redacted]

You may recall that last year you kindly provided me with information regarding the First Minister's private use of Bute House, I intend to undertake the same exercise this year and am hopeful that you will again be able to provide me the necessary information.

Background

The Scottish Government has a responsibility to submit to the Inland Revenue, form P11D detailing the “Benefit in Kind” that arose on the “Private use” of Bute House by the First Minister during the tax year.

I would be grateful if you could provide me with information regarding the private and party political use of Bute House from

- 6th April 2010 to 5th April 2011 with regard to the First Minister.

Please note that the term “Private Use” includes periods when members of family are in occupation, when guests are in occupation and occasions where Bute House is used for party political purposes.

Once I receive this information I will calculate the “Benefit in Kind” and return it to the FM's office for approval. Once approval has been received I will send the information to the relevant contacts within the Inland Revenue as in previous years.

While the actual P11D return is not due to the Inland Revenue until the 6th July 2011, the Scottish Government pays the class 1A National Insurance contribution due on

the taxable benefit received by the First Minister, therefore I need to complete the calculation ASAP to facilitate this payment and I would appreciate an early return of the required information.

Please let me know if you require and further information or clarificaiothn.

Thanks.

[Redacted]

Accountancy Services

[Redacted]

Victoria Quay

[Redacted]

From: [Redacted]

Sent: 27 April 2010 16:40

To: [Redacted]

Cc: [Redacted]

Subject: RE: Restricted – taxable “benefit in Kind” use of Bute House

Sensitivity: Confidential

[Redacted]

Here is the information requested about the private use of Bute House for 2009/10

[Redacted]

Happy to discuss

[Redacted]

DPS/First Minister

5th Floor, St Andrew’s House

[Redacted]

From: [Redacted]

Sent: 12 April 2010 11:20

To: [Redacted]

Cc: [Redacted]

Subject: Restricted – taxable “benefit in Kind” use of Bute House

Sensitivity: Confidential

[Redacted]

You may recall that last year you kindly provided me with information regarding the First Minister's private use of Bute House, I intend to undertake the same exercise this year and am hopeful that you will again be able to provide me the necessary information.

Background

The Scottish Government has a responsibility to submit to the Inland Revenue, form P11D detailing the "Benefit in Kind" that arose on the "Private use" of Bute House by the First Minister during the tax year.

I would be grateful if you could provide me with information regarding the private and party political use of Bute House from:

- 6th April 2009 to 5th April 2010 with regard to the First Minister.

Please note that the term "Private Use" includes periods when members of family are in occupation, when guests are in occupation and occasions where Bute House is used for party political purposes.

Once I receive this information I will calculate the "Benefit in Kind" and return it to the FM's office for approval. Once approval has been received I will send the information to the relevant contacts within the Inland Revenue as in previous years.

While the actual P11D return is not due to the Inland Revenue until the 6th July 2010, the Scottish Government pays the class 1A National Insurance contribution due on the taxable benefit received by the First Minister, therefore I need to complete the calculation ASAP to facilitate this payment and I would appreciate an early return of the required information.

Please let me know if you require any further information or clarification.

Thanks.

[Redacted]

Accountancy Services

[Redacted]

Victoria Quay

[Redacted]

From: [Redacted]

Sent: 28 May 2009 13:34

To: [Redacted]

Cc: [Redacted]

Subject: RE: BENEFITS IN KIND – BUTE HOUSE calculation

Sensitivity: Confidential

[Redacted]

Many thanks for this and also for clarifying that the calculation is based on number of nights not guests.

The First Minister is content with this calculation and the return can now be sent to HMRC. If you can send a copy of the P11D to me in due course I will pass it on to the First Minister.

Regards

[Redacted]

Private Secretary to the First Minister
[Redacted]

From: [Redacted]
Sent: Tue May 19 17:38:42 2009
To: [Redacted]
Cc: [Redacted]
Subject: BENEFITS IN KIND – BUTE HOUSE calculation

[Redacted]

Thank you for providing the details of the use of Bute House for 'Private Use' by the First Minister.

In line with the treatment in previous years the calculation of the taxable benefit arising from the First Minister's use of Bute House for 'private use' is as follows.

As the costs of maintaining Bute House are considerable I have assumed that any benefit will be on the basis of 10% of the ministerial salary, Under the Scottish Parliament Salaries Scheme, the salary payable to the First Minister with effect from the 1 April 2008 for the period to 31 March 2009 was [Redacted]. My calculation of the tax amount to be charged to Mr Salmond is:

$([\text{Redacted}] \times 10\%) \times [\text{Redacted}] / 365 = [\text{Redacted}]$

As in previous years, I have assumed that the class 1A employer's contribution will be met by the Scottish Government. The class 1A amount is [Redacted] ([Redacted] x 12.8%).

I would be grateful if you seek agreement of this calculation with the First Minister, after which time I will arrange for a return to be sent to HMRC and I will forward a copy of the P11d to pass to First Minister for his own records.

HR have asked that the P11D is completed by 29 May 2009 to allow the Class 1A National Insurance contributions to be paid to HMRC. I appreciate this does not allow much time to seek agreement, grateful if you would let me know if this deadline can be achieved.

Thanks,

[Redacted]

Accountancy Services

[Redacted]

Victoria Quay

[Redacted]

From: [Redacted]

Sent: 06 May 2009 17:06

To: [Redacted]

Cc: [Redacted]

Subject: BENEFITS IN KIND – BUTE HOUSE

[Redacted]

Grateful if you could confirm the timing of when we will receive the completed "Benefit in Kind" return for the s approval.

Regards

[Redacted]

Private Secretary to the First Minister

[Redacted]

Annex ends.