

## Financial Guideline 2016/2017 - 10

# Payments to Members of Selection Committees

## 1. Introduction

Arising from a considerable number of queries the FSSU has been asked to advise on best practice to ensure that the school is tax compliant in relation to payments made to Selection Committee Members.

Practice with regard to payments in recognition of service on a Selection Committee varies from school to school and is ultimately a matter for each Board of Management within the guidance issued by Revenue and the Articles of Management (where applicable). The rates to be paid where applicable are at the discretion of the Board of Management.

The composition of Selection Committees varies depending on the post to be filled but the Selection Committee is normally made up of the some/all of the following members:

- Board of Management Nominees
- Principal of the school
- Trustee Nominees
- External Assessor

## 2. Payments to Board of Management Members

Board of Management members by agreement, may be paid expenses for necessary travel, other than attendance at Board of Management meetings, to carry out school business either as a representative of the Board or of the school.

**Revenue's Statement of Practice SP IT/2/07 states the following:**

The reimbursement of expenses for travel and subsistence to individuals who work on a voluntary and unpaid basis for the organisation whose functions and aims are both altruistic and non-commercial (for example a voluntary secondary school) may be paid tax free provided the expenses of travelling and subsistence:

- a) Merely puts the unpaid individual in a position to carry out his/her work; and
- b) No more than reimburse the individual the expenses actually incurred by him/her and do not exceed what are known as the Civil Service rates for reimbursement of expenses of travelling and subsistence.

Members of Boards of Management are not entitled to a professional fee when serving on interview committees for positions in the school in which they are a Board member, as they act in a voluntary capacity (AOM 6B). It is **not** appropriate for Board of Management members to claim un-vouched or round sum expenses.

### **3. Payments to the Principal**

Where the Principal necessarily incurs expenses of travel (and subsistence relating to that travel) in the performance of the duties of his/her office or employment, the reimbursement of such expenses may, within certain limits, be made tax-free. All such payments must be claimed on the recommended expense claim form and must be approved in advance of payment by the Chairperson of the Board. *See Appendix 2.*

The conditions under which the reimbursement to the Principal of the expenses of travel and subsistence may be made without deduction of tax are as follows:

- a) the Principal must be temporarily away from his/her normal place of work in the performance of the duties of his/her office or employment;
- b) the travel expenses must be necessarily incurred in the performance of the duties of the office or employment; and
- c) arising from a long accepted position supported by tax case law, the expenses of subsistence must attach to travelling necessarily incurred in the performance of the duties of the office or employment.

Detailed guidance from the Revenue Commissioners on the reimbursement of employees' expenses of travel and subsistence can be found at the following links:

- IT 51 Employees Motoring/ Bicycle Expenses  
<http://www.revenue.ie/en/tax/it/leaflets/it51.html>
- Statement of Practice SP-IT/2/07- Tax Treatment of the reimbursement of expenses of Travel and Subsistence to Office Holders and Employees.  
[http://www.revenue.ie/en/practitioner/law/statements-of-practice/sp\\_it\\_2\\_07.pdf](http://www.revenue.ie/en/practitioner/law/statements-of-practice/sp_it_2_07.pdf)

### **4. Payments to Other Members of the Selection Committee**

If the other members of the Selection Committee carry out their work on a voluntary and unpaid basis they may be reimbursed travel and subsistence expenses tax free provided the expenses of travelling and subsistence

- a) Merely puts the unpaid individual in a position to carry out his/her work; and
- b) No more than reimburse the individual the expenses actually incurred by him/her and do not exceed what are known as the Civil Service rates for reimbursement of expenses of travelling and subsistence

If in addition to the payment of expenses for travelling and subsistence, the member of the selection committee receives a professional fee there are two options on how to treat the full payment (including travel and subsistence expenses):

- a) **Option 1:** Treat the individual as an employee. The payment to the individual must be put through the payroll and all the appropriate statutory deductions are made to the payment. In this case the additional payment for travelling and subsistence can be treated as a tax free payment. Please note journeys between an employee's home and place of work (and vice versa) are not business journeys and any reimbursement of motoring expenses (including taxi fares) in respect of the cost of such journeys is taxable. **Or**
- b) **Option 2:** Treat the individual as self-employed. In this case the Selection Committee member must produce a valid invoice. If the member produces a valid invoice the detail on the invoice should include the travel and subsistence expenses on top of the professional fee. The Board should request a Tax Clearance Certificate to ensure that the individual is fully tax compliant. (*See Sample Invoice attached in Appendix 1*)

It is important to note that the small benefit exemption scheme (tax exempt non-cash benefit/voucher/gift with a value not exceeding €500 (€250 up to 21 October 2015)) applies **only to employees**. This exemption does not apply to individuals who are not employees of the school.

## 5. Records to be maintained by the school

As regards the reimbursement of expenses based on an acceptable flat rate travel allowance without the deduction of tax, the school must retain a record of all of the following:

- the name and address of the selection committee member;
- the date of the journey;
- the reason for the journey;
- the kilometers involved;
- the starting point, destination and finishing point of the journey

As regards the reimbursement of actual expenses vouched by receipts, the school must retain such receipts, together with details of the travel and subsistence expenses incurred. The period of retention of records is 6 years after the end of the tax year to which the records refer.

Claims for travel and subsistence allowances should be made through the Principal as Secretary of the Board of Management on a proper claim form. The Board of Management should ensure that each claim for expenses is verified by the Principal and by the Chairperson where the Principal is the claimant. Please see *Appendix 2* for template which can be used for the recording and claiming of travel and subsistence allowances.

Further information or clarification on any of the issues raised in this Guideline can be obtained from the FSSU.

Louise McNamara,  
Director, FSSU  
31<sup>st</sup> January 2017

# Appendix 1

## Sample Invoice

Joe Bloggs,  
Southside,  
Dublin.  
Phone Number: 01-1234567

Tax Registration No. / PPS No.: 00267895T

St. Mary's Voluntary Secondary School,  
Sunny Road,  
Co. Cork

February 4, 2016

Number B00012

### Invoice

Professional Fee for two days for selection of Deputy Principal	€XXX.XX
---	---------

Travel & Subsistence	€XX.XX
----------------------	--------

Total Due	----- €XXX.XX
-----------	------------------

## Appendix 2

### TRAVEL & SUBSISTENCE EXPENSES CLAIM FORMS FOR USE IN VOLUNTARY SECONDARY SCHOOLS

(1) NAME (BLOCK CAPITALS) \_\_\_\_\_

HOME ADDRESS \_\_\_\_\_

(2) DETAILS OF CAR  
(ENGINE C.C. etc.) \_\_\_\_\_

(3) CLAIM PERIOD \_\_\_\_\_

TRAVEL	€	_____
SUBSISTENCE	€	_____
MISCELLANEOUS	€	_____
TOTAL CLAIM	€	_____
AMOUNT DUE		€ _____

#### (4) DECLARATION BY CLAIMANT

I declare that:

- (a) The subsistence and other allowances that I claim are correct and in accordance with regulations.
- (b) The expenses were actually and necessarily incurred by me in relation to school business.
- (c) I have not claimed, nor will I claim from any Government Department, nor from any other source, the expenses incurred above.
- (d) My cumulative mileage to date for which I have been paid travelling expenses (including travel claimed herein and from other public bodies) during the current travel year is  
\_\_\_\_\_.

SIGNATURE \_\_\_\_\_

DATE \_\_\_\_\_

#### (5) AUTHORISATION

Signed on behalf of the Board of Management

\_\_\_\_\_  
(Principal / Chairperson)

## DETAILS OF CLAIM

DATE	JOURNEY FROM TO	PURPOSE OF JOURNEY	MODE OF CONVEYENCE	DISTANCE (In kilometers)	TRAVEL €	SUBSISTENCE €	MISC. AMOUNTS €
				<b>SUBTOTALS</b>			
				<b>TOTAL</b>			