



Chartered Accountants

Our Ref: CAM080AI / AI / SJH

9 April 2016

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Dear Sir

We can confirm that the income and the taxation paid thereon, as reported on your self assessment tax return for the last six years is as per the enclosed schedule. We also enclose a schedule of notes which may assist in interpreting the figures.

Yours faithfully

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NOTES TO SCHEDULE OF TAXABLE SOURCES OF INCOME AND GAINS

- 1 Over the relevant period the Prime Minister has received pay and earnings as an MP, as Leader of the Opposition, and as Prime Minister. These appear in his tax returns and are taxed at source through PAYE. Compared to his publicly available gross salary as Prime Minister and as an MP (£142,500 in total for this period), the figures shown here include deductions for his employee pension contributions and additional liabilities to cover the utilities for the flat in Downing Street. This latter item is, effectively, a charge on the private benefit of accommodation in Downing Street; we understand this is a longstanding practice. Variations in annual taxable pay can be explained by the Prime Ministerial Allowance (see below); and changes to employee contributions to his Ministerial pension.

We understand that, like Prime Ministers before him, the Prime Minister is entitled to a Prime Ministerial expenses deduction (£20,000 when he came to office). This is a longstanding practice, begun in 1947, intended to cover business expenses incurred as a result of holding the office of Prime Minister. It is expressed as an allowance but is given as a tax-free deduction from the Prime Minister's salary. This allowance is currently enabled under Section 368 of the Income Tax (Earnings and Pensions) Act 2003, whereby the Treasury can authorise an element of tax free salary for the Prime Minister. The amount is set from time to time by the Treasury Permanent Secretary, in consultation with the Cabinet Secretary.

In 2010-11 the Prime Minister received this expenses deduction. In 2011-12, 2012-13 and 2013-14, the Prime Minister also received the deduction but voluntarily cancelled it out by declaring the equivalent amount (£20,000) as taxable income. From 2014-15 he waived the deduction altogether.

- 2 Expenses paid by the Conservative Party on behalf of the Prime Minister's and Mrs Cameron's political and official duties, including travel, clothes and other associated expenses. These were treated as a benefit in kind and tax was paid by the Prime Minister accordingly.
- 3 The Prime Minister and his wife let out their London home. These amounts are the Prime Minister's share (50 per cent) of the rent received after deduction of expenses.
- 4 This is interest on savings with a UK high street bank.

- 5 In 2010, the Prime Minister sold on the open market his shareholdings. He presently holds no shares. These amounts are the dividends received before disposal.
- 6 These amounts are royalties received for the book, *Cameron on Cameron*. Royalties received associated with this publication were donated to charities, including Epilepsy Research UK and MENCAP.
- 7 From the tax year 2010-11, the Prime Minister – like all additional rate taxpayers – was not eligible to receive the Personal Allowance.
- 8 In January 2010, the Prime Minister and Mrs Cameron sold their units in Blairmore. The Prime Minister's share of the capital gain was £9,501 – therefore below the £10,100 threshold for Capital Gains Tax. In July 2010 they sold on the open market all other shares held jointly. The capital gains made on some of those shares were covered by the losses on other shares, and overall there was a capital loss on those transactions of £2,507 for the Prime Minister.
- 9 The Prime Minister has no other sources of taxable income or gains, from either the UK or overseas.