

FROM THE MINISTER OF STATE, SCOTTISH OFFICE



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The Rt Hon George Younger MP  
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Ministry of Defence  
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NBM

Mr. George,

ABOLITION OF DOMESTIC RATES ETC (SCOTLAND) BILL  
BRITISH SERVICEMEN AND VISITING FORCES

As you will know, the Abolition of Domestic Rates Etc (Scotland) Bill completed its Committee Stage in the House of Lords just before the Easter Recess. On 7 April we debated an amendment relating to the position of various groups of people who at present have their rates met as part of their emoluments (Official Report, 7 April, Cols 919-929). This provided an opportunity for the Opposition to ask me about various groups including British servicemen and visiting forces.

In the course of the discussion about British servicemen concern was expressed on all sides of the House about the position of those who are posted from areas where the community charge is not payable to areas where it is in force. Reference was made to allowances which servicemen receive in respect of expenses when posted overseas and the suggestion was made that something similar should be considered in relation to the community charge. I made it clear that there could be no question of the Bill dealing with the remuneration of any group of workers, which must properly remain a matter between them and their employer. But I did undertake to draw the whole question to your attention. I realise that you may not wish to give any firm commitments at this stage on how, if at all, the community charge would be taken into account in determining servicemen's pay and allowances, or indeed in the related question of determining what they pay for accommodation following the change from the rating system to the community charge system. But it is important that I should have something reasonably positive to say when we return to this matter, as we undoubtedly will, on Report Stage (beginning on 28 April). I should be grateful for your views.

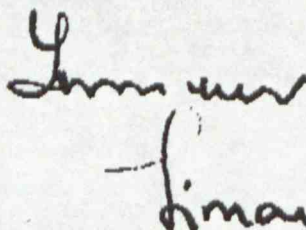
I was also asked about the position of American servicemen and said simply that the Bill imposes liability to pay the charge on all adults including groups such as American forces (Col 922). I am aware that this is a potentially difficult area, in which there are at present rather complex arrangements whereby payments in lieu of rates are made by the Government in respect of certain premises used by American servicemen and that those who occupy private accommodation pay rates normally, though part of that is recovered by the Americans as an offset against the amount which they reimburse in respect of the payments in lieu.



It had originally been envisaged that provisions dealing with visiting forces and related international organisations would be best handled on a GB basis in Nicholas Ridley's forthcoming Bill to introduce the community charges south of the Border. However, I understand that your Department's advice now is that the Scottish Bill should contain a self standing provision which would exempt from the personal, standard and collective community charges both visiting forces and certain other related categories of people. The scope of this exemption is under discussion between our officials: my preference would be that it should exempt from the personal community charge only categories who are already exempted from income tax and capital gains tax by section 367 of the Income and Corporation Taxes Act 1970. The related exemptions from standard and collective community charge could in any event be achieved by an Order in Council made under the Visiting Forces Act 1952.

The notion of exemptions from the otherwise universal nature of the community charge obligations is a difficult one and Malcolm Rifkind has proposals before E(LF) on 23 April about one or two detailed possibilities. It will be necessary for him to refer at that meeting to the problem posed by the servicemen, and it would obviously be helpful if he could report that an agreed solution has been achieved. I hope you can lend your support to the search for agreement. My officials are in urgent touch with yours about the details.

With Malcolm Rifkind's agreement, I am therefore copying this letter to the Prime Minister, the Lord President of the Council and Members of E(LF) as well as to Sir Robert Armstrong.



GLENARTHUR