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FOR THE ARMED FORCES

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Rt Hon Lord Glenarthur
Minister of State
Scottish Office

D/US of S(AF)RNF 5/2/3

N.B.G.M. - 28th April 1987

Dear Sir,

att:ar

In your letter of 20 April you sought George Younger's views on the position of British Servicemen in relation to the Abolition of Domestic Rates Etc (Scotland) Bill, on how the position of visiting forces might be dealt with under the new legislation and how you might respond if further questions on these points are raised during Report Stage beginning on 28 April. I am writing formally to confirm the advice that I gave you earlier today by fax.

As regards the position of British Servicemen I can confirm that my Department are currently considering the implications of the new community charges for British Service personnel stationed in Scotland and will be reviewing the basis of the assessment of Service accommodation charges to see whether changes need to be made in the light of the new system. If further questions are raised at Report Stage I would suggest that you reply along those lines. I agree that it would be inappropriate for this matter to be dealt with in your Bill.

The position of members of visiting forces, and their civilian components, will be different. The NATO Status of Forces Agreement includes a provision that, when the legal incidence of any form of taxation in the receiving state depends upon residence or domicile, periods during which a member of a force or civilian component is in the territory of that state by reason solely of his being a member of such a force or civilian component shall not be considered as periods of residence therein. In order to give effect to this provision in UK law it will be necessary to legislate to provide for members of visiting forces, allied headquarters and their civilian

components to be exempted from the personal community charge. In addition, it will be necessary to legislate to extend to visiting forces the exemption from the standard and collective community charges which home forces will enjoy by virtue of Crown exemption.

Our officials have been discussing what form such legislation might take. The solution referred to in paragraph 4 of your letter would have enabled a provision to exempt visiting forces from the personal community charge to be included in the Bill now going through Parliament. However, I understand that Treasury officials have advised the Chief Secretary that no decisions should be taken about the position of visiting forces until there has been an opportunity to consider the position of other foreign residents, eg diplomatic staff, and that it would therefore be premature to provide for the exemption of visiting forces in the Scottish Bill itself.

It has therefore been proposed that the position of visiting forces and diplomats should be covered throughout Great Britain in the forthcoming bill to reform rates in England and Wales, on the basis that this would be enacted before the Scottish Act came into operation on 1 April 1989. I understand that this presents the DOE with no difficulty in legislative terms and on this assumption I am content for the exemption of visiting forces to be dealt with on this basis. If the matter is raised again at Report Stage you could say that the position of foreign forces and diplomats in this country was under study and some aspects would probably require consultation with other Governments. Further legislation might be required, in which case the Government would bring this forward in time for enactment before the new arrangements come into operation in Scotland on 1 April 1989. In any circumstances, the Government would honour its international obligations under the NATO Status of Forces Agreement and under the Vienna Convention.

I am copying this letter to the Prime Minister, the Foreign and Commonwealth Secretary, the Lord President of the Council and Members of E(LF) and also to Sir Robert Armstrong.

Yours sincerely
Roger
Roger Freeman

LOCAL GOVT: Rating PT6

