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See comments on next page and the bottom of this. There could be some representation, not

Prime Minister cc/GG
Content with this route through a difficult minefield?

RHG
11/3

THE COMMUNITY CHARGE: MEMBERS OF RELIGIOUS ORDERS

^{minutes attached}
E(LF) agreed on 4 February that there should be an exemption for members of religious orders who were wholly maintained by their order. I am writing to set out my proposals for implementing this decision.

I do not propose to limit the exemption to Christian orders. We have received representations from some of the Buddhist organisations, and I take the view that it would be difficult to justify excluding people of that religion following a genuinely monastic life.

I propose that to be exempt an individual would have to pass two tests. First he would have to be a member of a religious community whose principal purpose was dedicated to prayer, contemplation, the relief of suffering or such other activity as may be prescribed. Secondly he would have to be wholly dependent on the community for his material needs, having no income or capital of his own. Income would include social security benefits.

There is a difficulty over monks and nuns who work in employment such as teaching, and whose salary is covenanted to their order. We had intended that in such cases the individual would not be exempt, and that his salary should be covenanted to the order net of his community charge liability. I am advised, however, on the basis of general principles of law that income which is covenanted is the property of the covenantee from the outset, and the person making the covenant has no rights in respect of it or access to it. I am also advised that covenants net of an unspecified amount are not possible.

But the covenantor needs the covenant

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No, he has chosen to
abdicate his income
if any reason is correct - any
parent could convert
his whole income to his

In these circumstances the monk is, in fact, unpaid; and would have no way of meeting his community charge liability. If that liability were met by anyone at all it would have to be met by the order (who would have no legal obligation in the matter). It was to avoid this happening that we sought the exemption in the first place. I propose, therefore, that monks who covenant their income to their order should also be exempt, on the grounds that the income is never actually theirs.

*But if
was theirs. He had to convert it away.*

*son of
to a third
reason of
on charity
and then
be
eligible
for social
security benefits*

I do not think that there is likely to be a great deal of difficulty with fringe and pseudo-religious groups. The second test - which requires the members to cut themselves off from benefit and to divest themselves of all income and capital - will prove a strong deterrent. Coupled with the need to mount a convincing case that one is a member of a religious order it would be very difficult indeed for people other than those living a genuinely monastic life to qualify. I would propose, however, to retain a regulation-making power to refine the definition if experience showed that some adjustment was necessary.

Decisions on whether an individual qualified for the exemption would initially be for the community charge registration officer (CCRO), subject to appeal by the Valuation and Community Charge Tribunal (VCCT) and (on a point of law) to the Courts. There are likely in practice to be few difficult decisions. In cases of doubt I would expect the CCRO to decide against exemption and for the matter to be tested on appeal if necessary. Verifying the poverty part of the definition could give rise to difficulties; but we cannot avoid having this as part of the definition, since it is the poverty of monks and nuns which was the basis of our decision to exempt them. In practice it will be for the members of the order to demonstrate to the satisfaction of the CCRO that they qualify for the exemption.

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There may be attempts by members of local authorities to bring pressure on CCROs to exempt members of certain groups. Here again the difficulty of the poverty test will help to avoid abuses; and we must take the view that CCROs are professional people who would act professionally in applying the statutory definitions for this exemption, and would not be influenced by improper pressure.

I should be grateful for colleagues' agreement to our proceeding on these lines by 14 March. This approach has been developed in the light of informal contacts with representations of the Churches and other religions. I would propose to consult fully with them before bringing forward amendments to the Bill.

I am copying this letter to members of E(LF) and to Sir Robin Butler.

A handwritten signature in black ink, appearing to be the initials "NR" with a flourish.

N R

7 March 1988



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