

# FINANCE ACT 2012

---

## EXPLANATORY NOTES

### INTRODUCTION

#### *Section 220 Schedule 37: International Military Headquarters, Eu Forces, Etc*

#### **Background Note**

13. In 2003 the European Council decided, in pursuit of the Common Foreign and Security Policy, to give the EU the capabilities required to take and implement decisions on the full range of conflict prevention and crisis management tasks defined in the Treaty on European Union (TEU).
14. In order to facilitate the movement of forces between Member States of the European Union in the context of the TEU, an Agreement was drawn up regarding the status of military and civilian staff. This is the EU Status of Forces Agreement. The Agreement was presented to Parliament in March 2009.
15. Although most of the Agreement is not to do with tax, it does provide for tax privileges to be granted to EU military and civilian staff of one Member State, who are present in another Member State to carry out tasks relating to common security and defence policy in accordance with the EU Status of Forces Agreement.
16. The UK cannot ratify the Agreement until all the domestic legislation is in place to give effect to its provisions.
17. Existing tax legislation provides that members of visiting forces and staff of designated NATO allied headquarters, who are present in the UK solely because of their official duties, are exempt from tax on their official remuneration and do not become tax resident in the UK if they are stationed here. There are also provisions providing exemptions from Capital Gains Tax, Inheritance Tax and Stamp Duty Land Tax.
18. This section and schedule expand the existing legislation so that it will also apply to members of visiting EU forces and to the civilian staff which may accompany them, as well as to EU military and civilian staff working at designated international military headquarters in the United Kingdom.