

**BY ORDER OF THE COMMANDER
UNITED STATES AIR FORCES IN
EUROPE**

**UNITED STATES AIR FORCES IN EUROPE
INSTRUCTION 51-506**

17 SEPTEMBER 2014

Law



**INDIVIDUAL TAX-RELIEF PROCEDURES
IN THE UNITED KINGDOM**

COMPLIANCE WITH THIS PUBLICATION IS MANDATORY

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This instruction implements Air Force Policy Directive (AFPD) 51-7, *International Law*, and an agreement with the United Kingdom (UK) government, Priv 46/7, and is applicable to all elements of the U.S. Force (USF) in the United Kingdom. It establishes the Individual Tax-Relief procedures in the UK and provides policy guidance and control procedures to allow members of the U.S. Force to individually purchase goods and services off-base without being subject to Value Added Tax (VAT). This instruction applies to personnel permanently stationed or on temporary duty (TDY) in the UK. Violations of the specific prohibitions, paragraphs **6.**, **7.2.**, and **8.7.**, and all of their respective subparagraphs, of this instruction by military personnel may result in prosecution under Article 92 and/or Article 134 of the Uniform Code of Military Justice (UCMJ). Eligible civilian personnel may face disciplinary action under the provisions of AFI 36-704, *Discipline and Adverse Actions*. Violations of the provisions of this instruction by any eligible person may result in the withdrawal of privileges encompassed within this instruction. This publication applies to Air Force Reserve Command (AFRC) units, to the Air National Guard of the United States (ANGUS), and to dependents and civilian employees as set forth in paragraph 5. For application of this instruction to Army, Navy, and Marine Corps members and respective civilian personnel, see AER 550-33/CINCUSNAVEURI 5840.17A/USAFEI 51-710, *Local Currency, Motor Vehicles And Related Privileges For U.S. Personnel In The United Kingdom*. This publication requires the collection and or maintenance of information protected by the Privacy Act of 1974 authorized by 10 U.S.C. 8013. The applicable SORN, F065 AF SVA A, *Non-appropriated Fund Instrumentalities (NAFIs) Financial System*, is available at: <http://dpclo.defense.gov/privacy/SORNS/SORNS.html>. Ensure that all records created as a result of processes prescribed in this publication are

maintained IAW Air Force Manual (AFMAN) 33-363, *Management of Records*, and disposed of IAW Air Force Records Information Management System (AFRIMS) Records Disposition Schedule (RDS). Refer recommended changes and questions about this publication to the Office of Primary Responsibility (OPR) using the AF Form 847, *Recommendation for Change of Publication*; route AF Forms 847 from the field through the appropriate functional chain of command. This publication may be supplemented, but all direct Supplements must be routed to the OPR of this publication for coordination prior to certification and approval. The authorities to waive requirements in this publication are identified with a Tier number (T-0, T-1, T-2, T-3) following the compliance statement. See AFI 33-360, *Publications and Forms Management*, for a description of the authorities associated with the Tier numbers. Submit requests for waivers through the chain of command to the appropriate Tier waiver approval authority, or alternately, to the Publication OPR for non-tiered compliance items.

SUMMARY OF CHANGES

This document has been substantially revised and must be completely reviewed. Major changes include a title change from 16AFI 51-713 to USAFEI 51-506 and the OPR change from 16AF, Det 3 to Headquarters, United States Air Forces in Europe-United States Air Forces Africa, Detachment 1, which is referred to throughout this document as United States Air Forces in Europe-United States Air Forces Africa/United Kingdom (USAFE-AFAFRICA/UK).

1. Official Procurement Agencies. The Commander of HQ USAFE-AFAFRICA/UK has designated the installation Morale, Welfare and Recreation (MWR) Funds, and other agency equivalents, as official procurement agencies of the USF for individual tax-relief support to personnel of the USF.

2. Responsibilities.

2.1. USAFE-AFAFRICA/UKJA will exercise policy oversight regarding the administration of tax-relief policies, procedures and the pricing for tax-relief operations in the United Kingdom.

2.1.1. The VAT-Relief Program must operate at no net cost to the NAFI. This means any costs attributed to the program (i.e. personnel, supplies, equipment etc.) are recovered through fees charged to program participants.

2.1.2. Air Force Services Squadron Commanders, Army MWR chiefs, and Navy NEX managers, hereinafter called "Agencies" will:

2.1.2.1. Establish and operate tax-relief offices within each agency. Pricing policies and strategies for tax-relief offices will preclude NAFIs from incurring operating losses, and ensure adequate funds are generated for return on initial capital investment and program sustainment capital re-investment.

2.1.2.2. Appoint, in writing, Fund Managers, Flight Chiefs or equivalent for each Agency. Appointments will include instructions to limit the scope of responsibility of Fund Managers.

2.1.2.3. Establish strict internal control procedures to prevent fraud, waste and abuse of tax-relief support. Additionally, initiate a formal investigation when abuse is suspected.

2.1.2.4. Complete and maintain a system of accounting capable of retrieving data pertaining to all individual, supplier and monetary transactions. This system should provide documentation in response to any action based on paragraph 8.6. of this instruction.

2.1.3. Agency Resource Management Flight Chiefs will:

2.1.3.1. Execute administrative and fiscal control of tax-relief program in accordance with AFMAN 34-212, *Control Procedures for Protecting NAF Assets*, paragraph 2.2, or comparable regulatory guidance for other branches of the USF.

2.1.3.2. Provide proper security of controlled forms and sensitive documents.

2.1.3.3. Supervise day-to-day Agency support and ensure accuracy of Agency reporting.

2.1.3.4. Supervise tax-relief staff.

2.1.3.5. Ensure members of the USF are informed of their rights and responsibilities under this program upon arrival in the United Kingdom and prior to any use of the program.

3. Authorization: VAT-free goods or services may only be procured through an authorized official USF procurement agency. Goods or services must be for the personal use of eligible individuals. Eligible individuals are defined in paragraph 5. of this instruction.

4. Participation.

4.1. Participation by suppliers in this program is on a voluntary basis.

4.2. In cases where suppliers are unfamiliar with provisions of the British Tax-Relief Program for the USF, individuals seeking to make tax-free purchases are encouraged to provide a copy of the sample letter, **Attachment 2**, to the supplier to acquaint them with the program's provisions.

5. Eligibility.

5.1. All U.S. Force personnel and their dependents who are entitled to full tax-free commissary and exchange privileges in the UK are eligible to individually purchase goods and services off-base without being subject to VAT.

5.2. Individuals must provide proof of eligibility at the time of processing tax-exempt transactions. The Agencies will not provide tax-relief support for individuals without such proof.

5.2.1. Active duty military and civilian members stationed in the UK will present a valid identification card (DD Form 2, DD Form 1173, etc.) and ration card, issued within the UK, as evidence of eligibility. There must be a 100% verification of both the identification card and ration card.

5.2.2. Military and civilian members of the Department of Defense (DoD) who are on temporary duty in the UK will submit a valid ID Card and copy of Temporary Duty (TDY) orders, with ration stamp, showing temporary assignment in the UK as evidence of eligibility.

6. Violations.

6.1. Violations of this instruction or incidents involving fraud, waste or abuse of the U.S. Force tax-relief program will be reported to USAFE-AFAFRICA/UKJA and British authorities.

6.2. Individuals using tax-relief support for unauthorized personal gain, or to benefit unauthorized individuals, are subject to prosecution under host nation laws for violation of the United Kingdom laws governing tax evasion. Military members may also be subject to prosecution under Article 92 and/or Article 134 of the UCMJ. Eligible civilian personnel may face disciplinary action under the provisions of AFI 36-704, *Discipline and Adverse Actions*. Violations of the provisions of this instruction by any eligible person may result in the withdrawal of privileges encompassed within this instruction.

7. Transactions.

7.1. Basic Authorized Tax-Relief Provisions.

7.1.1. Tax-relief will be provided only to eligible personnel, and only for single purchases of goods and services totaling 100 pounds sterling or more, including VAT. Invoices containing a number of items, none of which cost more than 100 pounds will only be allowed if they are considered a “set”. To be a “set”, the individual items must be related or interdependent upon one another. For example, a shirt, four pairs of socks and three vests would not be considered a set as they are not ordinarily worn together.

7.1.2. Unless issued checks provide duplicates, a copy of all checks will be made. All duplicates or copies pertaining to that individual are to be retained in the file.

7.2. Unauthorized Uses

7.2.1. This program is not authorized for purchases of utility services, real property, such as homes, or for the purchase of motor vehicles, including motorcycles.

8. Administrative Procedures for Tax-Relief Purchase.

8.1. Eligible individuals must follow the procedure as set out below to obtain tax-relief for their purchases.

8.1.1. After finding an item or items valued at 100 pounds sterling or higher, including VAT, eligible individuals must ask the supplier if they participate in the program or are willing to participate. A sample memorandum for suppliers, outlining the program is at [Attachment 2](#).

8.1.2. The individual must then obtain a cost quote addressed to the FSS Fund or other service agency equivalent. The cost quote must contain the name (individual or business) of supplier, address, phone number, listing of each item to be purchased, the total cost of the purchase, and date of quote.

8.1.3. The individual must then visit the tax-relief office where he/she exchanges sterling cash or a bank sterling draft for a government check payable to the supplier/vendor in the sterling amount as stated in the supplier/vendor cost quote. The sterling check issue amount excludes VAT. The member will then receive an original and one copy of the U.S. Force VAT-Free Purchase Certificate ([Attachment 3](#)) made out in the name of the

supplier explaining this purchase to the VAT. Inspector Agencies may charge a fee for each check/certificate provided.

8.1.4. The eligible individual then delivers the U.S. Force VAT-Free Purchase Certificate and check to the supplier.

8.1.4.1. The original U.S. Force VAT-Free Purchase Certificate will be given to the supplier for his/her records.

8.1.4.2. The copy of the U.S. Force VAT-Free Purchase Certificate must be returned to the Agency which issued the tax-relief certificate. Failure to return the copy of the U.S. Force VAT-Free Purchase Certificate may result in suspension of future use of this program.

8.1.5. A cost quote will be filed along with copies of the customer application (**Attachment 4**) in the customer's file folder.

8.1.6. Agencies will ensure there is an appropriate separation of duties to preclude the same employee from preparing, authorizing and signing government checks issued for VAT-free purchases. Agency commanders or officials will ensure these functions are performed by a minimum of two different employees. The same person may not issue both the check and certificate.

8.1.7. Agencies will develop standard operating procedures for the accountability and control of cash, deposit, forms, and daily activity reports.

8.1.8. Agencies will maintain a file on each individual utilizing the program, which holds information on all purchases from that agency.

8.2. Individual Applications: Individuals seeking tax-relief will be required to complete a VAT-Free Program Customer Application (**Attachment 4**) form which will be maintained at the issuing tax relief office.

8.3. Methods of payment: Customer payments to Agencies for these services can be paid by cash or check. Sterling cash or bank sterling draft are valid methods of payment.

8.4. Administration of Tax-Relief Records: Agency records will be administered in accordance with current records management directives. Files must be maintained on hand for a minimum of four years.

8.5. Appointment Letters: Agency employees having signatory authority for issuing VAT-Free Purchase Certificates and checks, must be appointed in writing by the Agency Fund Manager, FSS Commander, MWR Chief, or NEX Chief. Copies of appointments must be retained in the policy and precedence file and available for review upon request.

8.6. British Government Audit of Agency: Agencies are subject to periodic audit by British government tax and customs officials. Her Majesty's Revenue and Customs (HMRC) reserves the right to inspect real estate and the items purchased under the program as repair or replacements to determine if they fall outside the scope of this program. If so, HMRC may charge VAT on the residual value of the purchased item.

8.7. Disposal of Tax-Free Goods: Pursuant to HMRC Priv 46/7, eligible members of the USF, who acquire VAT-free goods, may not dispose of them by way of sale, gift or otherwise to non-eligible persons in the UK. VAT-free goods must be either exported,

consumed or destroyed, on or before termination of the member's tour of duty in the United Kingdom.

9. Modification: This program can only be modified with the express consent of both the USF and HMRC.

10. Termination: Either the USF or HMRC, giving three months written notice of intent to terminate, may terminate the program.

11. Interpretation. Questions involving interpretation of this instruction should be directed to USAFE-AFAFRICA/UKJA, Royal Air Force (RAF) Mildenhall (DSN 238-3278).

DOUGLAS A. COX, Brigadier General, USAF
Commander, Detachment 1, HQ USAFE-
AFAFRICA (USAFE-AFAFRICA/UK)

Attachment 1

GLOSSARY OF REFERENCES AND SUPPORTING INFORMATION

References

The Uniform Code of Military Justice, Article 92

The Uniform Code of Military Justice, Article 134

AFPD 51-7, *International Law*

AFI 36-704, *Discipline and Adverse Actions*

AFMAN 34-212, *Control Procedures for Protecting NAF Assets*

Prescribed Forms

None

Adopted Forms

AF 847, *Recommendation for Change of Publication*

Abbreviations and Acronyms

AFI—Air Force Instruction

AFMAN—Air Force Manual

AFPD—Air Force Policy Directive

AFRC—Air Force Reserve Command

AFRIMS—Air Force Records Information Management System

ANGUS—Air National Guard of the United States

DOD—Department of Defense

FSS—Force Support Squadron

HM—Her Majesty

HMRC—Her Majesty's Revenue and Customs

MWR—Morale, Welfare, and Recreation

NAF—nonappropriated fund

NEX—Navy Exchange

NAFI—Non-appropriated Fund Instrumentality

OPR—Office of Primary Responsibility

RAF—Royal Air Force

RDS—Records Disposition Schedule

SORN—System of Record Notice

TDY—Temporary duty

UCMJ—Uniform Code of Military Justice

UK—United Kingdom

UK USCR—United States Country Representative for the United Kingdom

U.S.—United States

USF—U.S. Force

VAT—Value Added Tax

Attachment 2

INFORMATION LETTER FOR SUPPLIERS

A2.1. The following is an example information letter for suppliers.

MEMORANDUM FOR SUPPLIERS IN THE UNITED KINGDOM

FROM: Tax Relief Office

SUBJECT: Tax-Relief Agreement

1. Pursuant to an agreement between HM Revenue and Customs and the United States Force (USF), a tax-relief programme has begun under the authority of Customs and Excise letter Priv 46/7 dated 9 September 1974, as amended. Under this programme, members of the USF who meet the eligibility requirements may make VAT-free purchases of goods and services from Suppliers in the United Kingdom. The Tax-relief programme applies to purchases exceeding £100.00, inclusive of VAT.

2. The procedures to be followed in this programme, although quite simple, must be followed strictly in order for the purchases to qualify as eligible. The programme is entirely voluntary for all parties. As a supplier, you may wish to participate or you may decline participation in any particular sales transaction. Once you decide to participate, you will prepare a price quote, which details the items or services being provided and the price for each good or service without inclusion of VAT. This quote must include the delivery address for the individual but will be addressed to Force Support Squadron (FSS). The purchaser will then secure from the Force Support Tax-Relief Office, a U.S. Government Cheque in the agreed upon amount, and a VAT Exemption Certificate, which will explain to HM Revenue and Customs why there was no VAT collected on this transaction. The purchaser will give all of these documents to the supplier, and the supplier will exchange the goods/services for the U.S. Government check in the amount agreed upon.

3. If there are further questions, please contact your local VAT Advice and Enquiry Centre. This program can be of great benefit to all parties involved.

JOHN I. BALL, Major, USAF
Force Support Commander

Attachment 3

U.S. FORCE VAT-FREE PURCHASE CERTIFICATE

A3.1. The following is an example of the U.S. Force VAT-Free Purchase Certificate.

Check/Certificate Number:

The goods and/or services listed below are to be delivered at a price exclusive of Value Added Tax under arrangements agreed upon between the appropriate U.S. Authorities and HM Revenue and Customs (Reference Priv 46/7). I hereby certify that the goods and/or services are being purchased for United States Force purposes only.

(Government Representative Signature)

(Date)

On _____, the following item(s) were purchased by _____.
(date) (name)

_____ Furniture _____	£	_____ 190 _____	(exclusive of VAT)
_____	£	_____	(exclusive of VAT)
_____	£	_____	(exclusive of VAT)
_____	£	_____	(exclusive of VAT)
_____	£	_____	(exclusive of VAT)
_____	£	_____	(exclusive of VAT)
_____	£	_____	(exclusive of VAT)

The TOTAL price exclusive of Value-added tax was £ _____ 190 _____.

Shop/Store Address:

Furniture Plus
123 High Street
City/Town/Village
POSTECODE

Shop/Store Phone: XXXX-XXXXXX

(Supplier's Printed Name)

(Supplier's Signature)

Attachment 4

VAT-FREE PROGRAM CUSTOMER APPLICATION

A4.1. Sample VAT-Free Program Customer Application Form

Name JOHN C. DOE Rank MSgt
DoD ID Number XXXXXXXXXXXX Unit XXXX
Base RAF Mildenhall, United Kingdom
Mailing Address PSC 1 Box 2345
Duty Phone XXX-XXXX
Home Phone XXXXX-XXXXXX

Initial Purchase

I agree that any item purchased under this program is solely for use by me and my dependents, as a member of the United States Force in the United Kingdom. No item purchased under this program may be given, sold or otherwise transferred to any other person who is not eligible for the program. I understand that violation of this prohibition or any prohibition in this instruction is punishable under provisions of the Uniform Code of Military Justice or the Customs and Excise laws of the United Kingdom.

I understand goods purchased under the VAT Free Sales Program should, under normal circumstances, be limited to items that are capable of being exported when I leave the UK. Notwithstanding this, HMRC permits repairs and replacements to real property to be acquired VAT free. When I leave the UK, I should, if possible, take the goods with me or transfer them to another entitled individual. In the event the goods are left in the UK and are not transferred to another entitled individual, HMRC reserves the right to inspect the goods. If they are satisfied at the time of my departure the goods have a residual value that will be transferred to a non-entitled individual, I may be required to pay the VAT on residual value.

(Signature/Date)

Subsequent Purchases

I agree that the aforestated agreement covers all purchases under this program.

(Initials)/(Date)

(Initials)/(Date)

(Initials)/(Date)