

RED TAB



DEPARTMENT OF THE ARMY
HEADQUARTERS, UNITED STATES ARMY, EUROPE, AND SEVENTH ARMY
THE DEPUTY CHIEF OF STAFF, PERSONNEL
UNIT 29351
APO AE 09014

AEAGA

05 DEC 2000

MEMORANDUM FOR SEE DISTRIBUTION

SUBJECT: Sale of Tax-/Duty-Free Goods to Co-User Personnel at USAREUR MWR Facilities

1. References:

- a. FMOF tax/duty guidance correspondence dated 15 May 1998 (enclosure 1)
- b. Discussion paper, dated 27 October 2000 (enclosure 2)
- c. FMOF tax/duty guidance correspondence dated 22 May 2000 (enclosure 3)
- d. USAREUR tax/duty guidance to ASG/BSBs June 28, 2000 (enclosure 4)

2. During the past eight months, there has been little progress in co-use dialogue between USAREUR and the Federal Ministry of Finance (FMOF). The FMOF position on co-use is quite simple; USAREUR is required to comply with German tax and duty law. A decision on 3 basic issues has been made. 1) From either an economic or political viewpoint, we cannot afford to eliminate co-use agreements. Therefore that is not an option. 2) Co-use members, as our business/social partners, have a right to basic services such as consumption of food and beverages. This can only be done in accordance with German tax/duty law. 3) The FMOF has clearly indicated they will look favorably on only one solution - not multiple solutions. Several options were developed and analyzed to meet German Federal government requirements. Coordination with the FMOF to develop procedures to assess taxes and duties has been lengthy and laborious, and has resulted in a stalemate that has no culminating point. Continued negotiations will require consensus among federal government ministries of tax, customs and assets, and will delay reinstatement of food-beverage sales to our co-users.

3. In order to resume service to all golf and rod and gun club customers, we must implement direct action of the following business decisions for sales to members of co-use organizations:

- a. All MWR golf and rod and gun club food and beverage operations that currently have a co-use agreement will convert to concessionaire operations (Heidelberg Rod and Gun Club, and golf courses at Bamberg, Grafenwoehr, and Garmisch).
- b. Concessionaires will procure all products from USAREUR veterinarian approved

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EU/local sources. FMOF will assess and collect value added tax but not duties from concessionaires.

4. You are directed to convert all MWR golf and rod and gun club food and beverage operations with existing co-use agreements to concessions within 60 days of this memorandum.

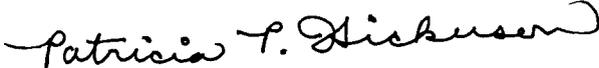
a. If compliance cannot be accommodated, notify this office within 5 working days. If compliance cannot be achieved for sales to members of co-use organizations within the 60 days suspense, a conversion plan with associated milestones must be submitted to this headquarters within 30 days.

b. If this office has not been notified within the 5 working day requirement, it is understood that conversion of all co-use operations to concessions will be completed no later than 5 Feb 01.

5. All future MWR businesses having co-use agreements must follow these procedures.

6. HQ USAREUR/7A point of contact is Mr. Sprank, DSN 379-6083 or 06202-806083, e-mail address is john.sprank@hq.hqusareur.army.mil.

4 Encls
as


PATRICIA P. HICKERSON
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