



See Distribution

5 March 2021

DIRECTED LETTER – LOCAL OVERSEAS ALLOWANCE; OVERSEAS PRIVATE VEHICLE PROVISION POLICY FROM 1 APRIL 2021 **VERSION 2**

1. Changes to the Local Overseas Allowance (LOA) were announced on 1 February 2021 and will take effect from 1 July 2021¹. The package includes a new Overseas Private Vehicle Provision (OPVP) to assist SP with access to a private motor vehicle at the LOA area. This provision will be available from 1 April 2021 so that Service personnel (SP) assigned into the LOA area prior to the change taking effect on 1 July have the choice of which vehicle provision to utilise. This DL gives advance notice of the OPVP policy (at the Annex) and will be rescinded when Version 46 of JSP 752 is published on 1 April 2021. **Version 2 of this DL clarifies the transitional arrangements and changes are made in blue. This DL replaces version 1.**

Background

2. The two existing schemes for assisting SP with access to private vehicles when assigned overseas are:

- a. Shipping vehicles to qualifying locations in receipt of Small Station LOA (SSLOA). And;
- b. A car buy/sell (CBS) allowance paid as part of the daily rate of Main Station LOA (MSLOA) to most MSLOA locations². The CBS allowance provides some compensation for the extra cost of leaving the UK market, purchasing and selling in the overseas market, and re-entering the UK market on return. The current value of the CBS allowance is around £1,220 for accompanied SP and around £1,100 for unaccompanied SP, paid at a daily rate across the length of the assignment, depending on the assumed tour length for each qualifying MSLOA location.

Overview of change

3. OPVP will replace both schemes and will be available to SP permanently assigned overseas from 1 April 2021³. The rate of OPVP is yet to be confirmed, but for planning purposes the indicative rate is approximately £800 which, depending on the circumstances of the SP, can be claimed on assignment into **and** out of the overseas assignment, meaning that in some cases SP will be able to claim up to a total of

¹ <https://www.gov.uk/guidance/local-overseas-allowance-loa>

² A small number of MSLOA areas do not qualify for the CBS element. This is due to either a vehicle already being provided at the location (eg Saudi Arabia), or the expectation that the SP will self-drive to the overseas location (Germany, France, Belgium and the Netherlands).

³ OPVP will not be available to locations where a vehicle is provided to the SP.

c£1600, a c£300-£500 increase on the existing policy. SP will be able to use OPVP in one of the following ways:

- a. To contribute towards administrative and vehicle depreciation costs when selling and buying a vehicle. The SP must be able to demonstrate that **two** separate financial transactions have taken place. Or;
- b. To contribute towards the charges incurred (up to the capped rate) when required to cancel a vehicle lease agreement. Or;
- c. To contribute towards the cost (up to the capped rate) of privately shipping one vehicle to and from the permanent overseas assignment location⁴.

4. Alternatively, current policy⁵ gives SP the option to drive their personal vehicle to eligible countries (Germany, France, Belgium, Denmark, Luxembourg and the Netherlands) and claim Motor Mileage Allowance and one day's subsistence as a contribution towards this journey. From 1 April 2021, qualifying locations will expand to include Italy, Spain, Portugal and Gibraltar.

5. There has also been an introduction of an augmented rate of LOA which will be available to accompanied SP who can demonstrate that they are running two private vehicles at the overseas location, with effect from 1 July 2021.

Transitionary arrangements for SP based at MSLOA locations in receipt of CBS⁶

6. Transitionary arrangements have been made for SP in receipt of the CBS element of MSLOA. This is because it is recognised that as at 1 July 2021⁷, SP serving at these locations will have received differing amounts of financial contribution depending on the length of time they have been assigned to the MSLOA location⁸. The transitionary arrangements are broken down as follows:

- a. If the SP is assigned into the overseas location from 1 April 2021, they will be eligible to claim OPVP in accordance with the regulations listed at the Annex. This will have no impact on their rate of LOA on arrival at the overseas location, and they will transition to the new rate of LOA with effect from 1 July 2021 in accordance with the transition arrangements for that location.
- b. If, on 1 July 2021, the SP has been assigned for more than 14 months at an overseas location and been in receipt of the CBS element of MSLOA, they will have received at least half of the overall contribution that CBS is intended to cover. They will not receive any further vehicle-related contribution until they are assigned out of the overseas location, when they will be eligible to claim OPVP in accordance with the policy at the Annex.

⁴ Ordinarily, SP must self-source a commercial shipping provider and make all necessary arrangements. However, subject to advance PACCC approval, SP with a specially adapted vehicle may use the MOD GRMS contractor if the person for whom the adaptation was made will be based in the overseas location.

⁵ JSP 752 Chapter 6 Section 7 Para 06.0718.

⁶ These transitionary arrangements are **not** extended to SP serving at overseas locations who are not in receipt of the CBS element of MSLOA.

⁷ When the new rates of LOA take effect.

⁸ This is due to the CBS element of MSLOA being paid at a daily rate and, therefore, the SP will have received more by way of financial contribution the longer they have spent at the overseas location.

c. If, on 1 July 2021, the SP has been in receipt of the CBS element of MSLOA for between 4 – 14 months then it will be considered that they have not received the appropriate compensation for vehicle provision on assignment **into** the overseas location. These SP will, therefore, be eligible to claim a one-off 'Car Buy/Sell Reimbursement' based on the amount of time that they have spent in receipt of the CBS element of MSLOA. The SP must provide evidence that they sold a vehicle at their previous location and purchased a vehicle at their existing location. SP can claim this back using JPA I-Expenses using the Disturbance Expense element. Eligibility is illustrated at table 1:

Duration on current overseas assignment and in receipt of CBS element of LOA as at 1 Jul 21			
	> 14 months	4 – 14 months	< 4 months
Qualifies for Car/Buy sell reimbursement*	✗	✓	✗

*Subject to provision of evidence of a vehicle purchase and vehicle sale.

Table 1: Car Buy/Sell Reimbursement Eligibility

An indication of the likely rates based on the current Buy/Sell allowance are listed at table 2:

Number of months in assignment	Car Buy/Sell Indicative Reimbursement Rate
4	£484
5	£440
6	£396
7	£352
8	£308
9	£264
10	£220
11	£176
12	£132
13	£88
14	£44

Table 2: Car Buy/Sell Indicative Reimbursement Rates

7. Due to these transitional arrangements and the fact that the CBS element of LOA will continue to be paid until 30 June 2021, SP that are already assigned in a post that is in receipt of the CBS element of LOA will not become eligible to OPVP on assignment from this location until 1 July 2021.

Transitional arrangements for SP based at LOA locations not in receipt of CBS

8. With effect from 1 April 2021, SP already assigned to an overseas location that is in receipt of LOA, but not in receipt of the CBS element of LOA, will become eligible to OPVP on a qualifying assignment from that location. Eligibility to OPVP during the transitional period is illustrated at table 3:

	Report for Duty date occurs between 1 Apr – 30 Jun 21	Report for Duty date occurs from 1 Jul 21
On assignment <u>into</u> LOA location (regardless of CBS)	✓	✓
On assignment <u>out of</u> an overseas assignment that is <u>in</u> receipt of the CBS element of LOA	✗*	✓
On assignment <u>out of</u> an overseas assignment that is <u>not</u> in receipt of the CBS element of LOA	✓	✓

*Unless assigned into a different LOA location, in which case eligibility will exist as per the above row.

Table 3 – Eligibility to OPVP During Transitional Period

9. Additionally, if any SP that is assigned to a post in receipt of SSLOA has shipped their vehicle, or formally submitted an application to ship their vehicle, using the MOD contractor⁹ before 1 April 2021, the MOD will honour the shipment of the vehicle to and/or from the SSLOA location¹⁰, should the SP elect to choose this option over OPVP.

10. The terms of this DL will remain in place until rescinded by AF Rem. The policy at the annex will be included in JSP 752 on 1 April 2021 and any amendments made to this policy will be reflected in the JSP. **Single Service enquiries on the contents of this DL should be directed initially to Unit HR staffs who, if necessary, should seek further guidance from the JPAC Enquiry Centre or their single Service allowance policy staff.**

Signed on DEFNET

Mark Paton
Lieutenant Commander Royal Navy
SO2 Allowances
Defence People AF Remuneration

Annex:

a. Overseas Private Vehicle Provision Policy wef 1 April 2021.

Distribution:

Navy People-Trg-HQ-N9-REM Hd
Army Pers-RemPol-Allces-AH
Air-COSPers-Pol Head of Reward
DBS MilPers-MilOps-PACCC-SO1
DBS MilPers-FutDev-PayPens-SO1

⁹ In accordance with the existing policy at JSP 752 v45 para 09.0620d.

¹⁰ Provided that it is the same vehicle.

DBS MilPers-FutDev-AFPP SO2
DBS MilPers-MilOps-CurOpsLOASO2
Navy NPS PPA SO1
Navy NPS-PPA 1 SO2
Army Pers-Pol-Rem-Allces-SO1
Army Pers-Pol-Rem-Allces-SO2
Air-COSPers-Pol SO1RewardAllces
Air-COSPers-Pol SO2RewardAllces
UKStratCom-PJHQ-J1J4-DACOS-A
UKStratCom-GSO-SO1
UKStratCom-PJHQ-J1-GroupMailbox (MULTIUSER)
JFC-GAU-Comd-Team
GSO-GAU-Command Mailbox (MULTIUSER)
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**Annex A to
20210211- DL- Overseas Private Vehicle Provision
16 February 2021**

OVERSEAS PRIVATE VEHICLE PROVISION POLICY – WEF 1 APRIL 2021

Chapter 9 Section 4 – Overseas Private Vehicle Provision (OPVP)

General

09.0401. Aim. The aim of OPVP is to **assist** Service Personnel (SP) permanently assigned¹ to or from an overseas location with access to a private motor vehicle. It replaces the vehicle provision in previous LOA policy².

09.0402. Principles. The following principles underpin OPVP and should be applied when interpreting the regulations in this Section and its associated Annexes:

- a. These regulations apply to SP proceeding on and returning from a permanent overseas assignment for which they receive permanent rates of LOA. SP will be eligible to submit one claim per assignment order subject to meeting the specific requirements at Annexes A to C.
- b. SP moving between assignments in the same LOA location will normally not be eligible for OPVP³. Applications must be submitted to DBS MIL PERS-MIL OPS PACCC for approval.
- c. OPVP may only be used for one vehicle per move, regardless of the SP's accompanied or unaccompanied status.
- d. OPVP is to be used for a private vehicle and may not be used for the transportation or purchase / leasing of items such as trailers, caravans or horseboxes.
- e. SP utilising OPVP are responsible for ensuring that they comply with all necessary statutory and mandatory requirements for the passage and use of their vehicle in the new assignment location. The MOD will bear no responsibility for disposing of a vehicle that does not meet the legal requirements of the destination country.
- f. Unit HR is to verify the supporting documentation (see Annexes A to C) for all OPVP claims prior to giving approval. SP must retain all receipts and paperwork for a period of 24 months from the date of submission of the claim.

09.0403. Tax and National Insurance Contributions (NICs). In accordance with ITEPA 2003 Section 296 LOA OVP is non-taxable.

¹ As per para 02.0106, a permanent assignment is any period of duty at a unit that is anticipated from the outset to exceed 182 days.

² SP in receipt of Main Station LOA received a Car Buy/Sell element as part of the LOA Daily Rate, intended to contribute towards depreciation costs; SP in receipt of Small Station LOA had the option to have a car shipped to their overseas assignment location.

³ Unless it can be demonstrated that it is unfeasible for the SP to self-drive (eg. If moving from the west coast to the east coast of USA).

09.0404. Insurance. SP are strongly advised to make private insurance arrangements to ensure comprehensive and appropriate vehicle cover.

Eligibility

09.0405. Regular Service Personnel. All regular SP permanently assigned to/from an overseas location and in receipt of the permanent rate of LOA are eligible to claim OPVP.

09.0406. Reserve Forces Personnel. FTRS (Full Commitment) personnel on selection for an overseas assignment may be eligible for OPVP, but only where the appropriate manning authority has approved the selection and budgetary approval is provided in accordance with Chapter 12 Section 4 para 12.0409.

09.0407. OPVP Options. Eligibility flowcharts for SP assigned into and from an overseas location can be found at Annexes D and E respectively. Eligible SP may use the OPVP provision in one of the following ways:

- a. To contribute towards administrative and vehicle depreciation costs when selling and buying a vehicle. The SP must be able to demonstrate that **two** separate financial transactions have taken place. Further information and conditions are at **Annex A**. Or;
- b. To contribute towards the charges incurred (up to the capped rate) when required to cancel a vehicle lease agreement. Further information and conditions are at **Annex B**. Or;
- c. To contribute towards the cost (up to the capped rate) of privately shipping one vehicle to and from the permanent overseas assignment location⁴. Further information and conditions are at **Annex C**.

09.0408. Alternatively, eligible SP may claim the MMA and subsistence costs associated with driving their existing vehicle to and from specified assignment locations⁵. Further information can be found at **JSP 752 Chapter 6 Section 7**.

Rates

09.0409. Method of Calculation. OPVP claims are capped at the maximum rate as shown in Chapter 3.

09.0410. Method of Claim. Claims for OPVP will be processed through the JPA iExpenses Claim system as detailed in the JPA Self Service guide. Timelines associated with each type of claim can be found within the relevant annex. For SP with no access to the JPA on-line system, JPA Form F016 is to be submitted through the appropriate HR staff. The supporting documentation for all OPVP claims is to be verified by unit HR prior to submitting the claim.

⁴ Ordinarily, SP must self-source a commercial shipping provider and make all necessary arrangements. However, subject to advance PACCC approval, SP with a specially adapted vehicle may use the MOD GRMS contractor if the person for whom the adaptation was made will be based in the overseas location.

⁵ Germany, France, Belgium, Denmark, Luxemburg, the Netherlands, Italy, Spain and Portugal and Gibraltar.

09.0411. Method of Payment. Approved claims will be paid direct to the SPs nominated bank account.

Annexes

- A. Overseas Private Vehicle Provision - Selling / Buying (S/B))
- B. Overseas Private Vehicle Provision - Cancelling Vehicle Lease (OPVP(CVL))
- C. Overseas Private Vehicle Provision - Shipping (OPVP(S))
- D. Eligibility Flowchart – SP Assigned into a Permanent Overseas Location
- E. Eligibility Flowchart – SP Assigned from a Permanent Overseas Location

Annex A

Overseas Private Vehicle Provision - Selling / Buying (OPVP(S/B))

General

1. OPVP(S/B) contributes towards the administrative and vehicle depreciation costs when a SP is required to sell and buy a vehicle as a result of moving to/from a permanent overseas assignment.

Entitlement

2. Only one claim can be made as a result of a new assignment, and the SP must be able to demonstrate **two** separate financial transactions to be eligible¹. One of the following situations must have taken place before eligibility can be confirmed:

- **Sell UK + buy overseas.** The SP sold a vehicle in the UK within the 12-week window prior to moving to a permanent overseas assignment. The SP then bought a vehicle in the overseas assignment location within 12 weeks of arrival at their new permanent duty station. Or;
- **Sell overseas + buy UK or other overseas location.** The SP sold a vehicle that they bought in the overseas assignment location within the 12-week window prior to departure. The SP then bought another vehicle within 12 weeks of arrival at their new permanent duty station (in the UK or a different overseas location). **Eligibility only exists if the sale of the first vehicle was not used to support a previous OPVP(S/B) claim.** Or;
- **Buy overseas + sell overseas.** The SP did not sell a vehicle prior to moving to a permanent overseas assignment but bought a vehicle within 12 weeks of arrival at the new duty location. The SP then sold the vehicle within 12 weeks prior to leaving the same overseas location. **Eligibility only exists if OPVP(S/B) was not previously claimed on the purchase of this vehicle.**

Once a transaction (whether buying or selling) has been used as evidence in claiming OPVP(S/B), it cannot be used again in subsequent attempts to claim OPVP(S/B).

Rate

3. Eligible SP will be entitled to the full rate of OPVP as listed in Chapter 3.

Method of Claim

¹ Two separate financial transactions are required by HMRC regulations to authorise OPVP(S/B); consequently, eligible SP may receive payment at the start of their overseas assignment, whereas others will receive payment towards the end of their assignment after the second transaction has been satisfied. Additionally, depending on the circumstances of the SP, some will be eligible to claim OPVP(S/B) at the start and end of a qualifying assignment, whereas others will only be eligible to claim for it at the end of the assignment.

4. Eligible SP may claim OPVP(S/B) within 90 days of the **2nd qualifying financial transaction** and in accordance with paragraph 04.0302. Claimants must present the following evidence:

- Proof of sale of the vehicle sold (receipt from sale and a copy of VO5 (UK) or overseas certificate confirming deregistration). And;
- Proof of vehicle purchase (receipt from purchase and vehicle registration document)².

² This may include any hire-purchase agreement where the SP has the option to purchase the vehicle as part of the agreement.

Annex B

Overseas Private Vehicle Provision - Cancelling Vehicle Lease (OPVP(CVL))

General

1. OPVP(CVL) contributes towards the costs incurred (up to the capped rate) when a SP is required to cancel a vehicle lease agreement due to a permanent overseas assignment.

Entitlement

2. Only one claim can be made as a result of a new assignment. The SP must be able to demonstrate that the following has taken place before eligibility can be confirmed:

- The SP has been required to pay an early termination fee for cancelling their vehicle lease.
- The SP did not enter the lease after receipt of the assignment order to the new overseas location.
- The SP did not enter the lease within 6 months of their expected departure date from the permanent overseas location.
- OPVP(CVL) will only contribute towards the receipted cost of an early termination fee for cancelling a vehicle lease. Additional costs incurred (e.g. damage to vehicle, going over the agreed mileage) cannot be claimed through OPVP(CVL).
- Whether leasing the motor vehicle through a Personal Contract Hire, Personal Contract Purchase or Hire Purchase agreement, OPVP(CVL) will only contribute towards an early cancellation fee. OPVP(CVL) is not to contribute towards any payment whereby the SP purchases the associated vehicle.

Rate

3. SP can claim actual receipt-based costs up to the capped rate listed in Chapter 3.

Method of Claim

4. Claims are to be made within 90 days of the date on which the expenditure occurred, in accordance with paragraph 04.0302, utilising iExpenses on JPA. Claimants must present a receipt with the early cancellation fee clearly annotated.

Annex C

Overseas Private Vehicle Provision - Shipping (OPVP(S))

General

1. OPVP(S) contributes towards the costs incurred (up to the capped rate) when a SP elects to ship their private vehicle to or from the permanent overseas assignment location.

Method

2. SP must ordinarily make their own private shipping arrangements using any commercial provider other than the MOD contractor (see para 3 below for exception to this). SP are solely responsible for ensuring that they comply with all statutory and mandatory requirements associated with both the passage of the vehicle and the embarkation of the vehicle into the assigned destination. Claimants must start the shipping process no further than 12 weeks prior to the subsequent assignment start date¹.

3. SP who wish to ship a specially adapted vehicle may seek exceptional authority from PACCC to use the MOD contractor if the person for whom the adaptation was made will be based in the overseas location². PACCC approval must be sought in advance of shipping. **SP given approval to use the MOD contractor will be ineligible to claim any form of OPVP.**

Entitlement

4. Only one claim can be made as a result of a new assignment. The SP must be able to provide the following:

- Proof of ownership of the vehicle being shipped to and / or from the overseas location.
- An invoice from the shipping company showing date of vehicle departure from previous location and date of arrival in the new assignment country.
- Proof of arrival in the receiving country via either importation documents or registration documents.

Insurance

5. SP electing to ship their vehicle are advised that it is moved at the SP's risk and that the insurance held by the provider may be the minimum required by the industry. This may not be adequate to cover individual requirements. For SP that are eligible to ship their vehicles using the MOD contractor, no liability against public funds is accepted by the MOD or its agents for any loss, damage or delay to vehicles moved,

¹ To mitigate against the risk of the assignment being cancelled after the vehicle has been shipped.

² This includes if the adaptation has been made for a member of the immediate family who, for educational or caregiving reasons, is not permanently based in the overseas location, but is otherwise expected to travel to the overseas location during holiday periods.

except under conditions listed in Chapter 17 Section 3. Disturbance Expense (DE) includes an element to assist with the cost of insurance of PE in transit. SP ineligible to receive DE may be eligible to claim Insurance Allowance (see Chapter 12 Section 2). All SP are strongly advised to make private insurance arrangements to ensure comprehensive and appropriate cover.

Rate

6. SP can claim actual receipt-based costs up to the capped rate listed in Chapter 3.

Method of Claim

7. Claims are to be made within 90 days of the date in which the expenditure occurred, in accordance with paragraph 04.0302, utilising iExpenses on JPA.