

Underbilag 2 til bilag 2.

COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 18. III. 1975.

Dear Mr. Chidekel,

Transfer of pension rights to the European Communities.

Thank you for your letter of 24 February seeking clarification on two points concerning the agreement we have reached with the UK authorities for the transfer of pension rights to the European Communities.

The actuarial tables which the UK civil service will use to calculate the transfer values are their own and do not form part of the agreement, as you have correctly concluded. I drew this to your attention to show that it is possible for a non-contributory, non-funded pension scheme, such as are both the UK and Danish schemes for civil servants, to calculate actuarial values. Naturally any tables you might use under a similar arrangement would be your own, although we would always be at your disposal if you wished to discuss them with us.

The position of national civil servants on secondment to the Communities can raise problems in this context, but in principle there is no reason why an established official of the Communities with an option to return to his national administration should not transfer his pension rights to the Communities. If he later decides to go back to his national administration he can apply for transfer back of his community pension rights under article 11 (1) of Annexe VIII. If the official prefers to leave his pension rights in Denmark during a period of special leave it is open to him to do so.

Finally, I should like to take this opportunity to raise one problem we have come across in the applications we have received for transfers from Danish officials here generally. It appears that Danish tax law requires the payment of a tax of at least 25 per cent of the value of any sum transferred to our pension scheme. This of course reduces by the same percentage the credit of years of pensionable service we can give in our scheme.

In this connection I would stress that the Communities' taxation and pensions arrangements are such that there is no question of funds which have been the subject of tax relief being paid out by the Communities to the official free of tax. Thus if a transfer of tax-exempted pension rights is made to the Communities under Article 11 (2) and subsequently becomes part of the severance grant under Article 12 it will be subject to Communities-Tax along with the rest of the severance grant.

If eventually the official qualifies for a Communities' pension, this too is subject to Communities' tax. Equally if a transfer of pension rights is made from the Communities to a pensions system in a memberstate under Article 11 (1), no Communities' tax is levied on the sum transferred, but when this subsequently becomes part of a pension in the member-state, it will be subject to any taxation on pensions provided for in the member-state.

Yours Sincerely,

The Head of the Individual Rights and Privileges — Division.

A. Pratley.

Mr. Chidekel,
Finansministeriet,
Lønnings- og pensionsdepartementet,
Torvegade 2
1400 København 2 Danmark.