

CHAPTER 10

GRATUITIES

SERVICE GRATUITIES - GURKHA RANKS

10001. GCOs. Service gratuities may be granted to GCOs permitted to retire after 10, but with less than 20 years qualifying service. The gratuity will be as follows:

After 10 years qualifying service	-	ICRs 10,000
Each additional year	-	ICRs 1,000

10002. QGO and GOR. Service gratuities payable to QGOs and Gurkha soldiers who are discharged on or after 1 March 1968, will be as follows:

a. Minimum Service. The minimum qualifying service for service gratuities will be 5 years.

b. Pay for Assessment of Service Gratuity. Pay for purposes of assessment of service gratuity will consist of:

- (1) Basic pay of the appropriate group and substantive rank last held in accordance with Articles 193 and 532 of the Pay Warrant.
- (2) Service and rank increments of the substantive rank last held.
- (3) Part value of concession in kind (Home Saving Element) at the following monthly rates:

Wef 1 March 1968 to 31 December 1972.

Major(QGO)	£3.61
Captain(QGO)	£3.33
Lieutenant (QGO)	£2.78
Warrant Officers	£2.23
CSgt and Sgt	£1.95
Cpl and below	£1.68

Wef 1 January 1973

Major(QGO)	£4.54
Captain(QGO)	£4.28
Lieutenant(QGO)	£3.74
Warrant Officer	£3.31
CSgt and Sgt	£2.94

ANNEX A TO
CHAPTER 10

Cpl	£2.67
Below Cpl	£2.53

Note: Conversion will be at the FFR rate of exchange.

10003. Assessment of Gratuity. Where it is more favourable to the individual, pay for the purposes of assessment of service gratuity will consist of:

- a. Basic pay of the appropriate group and substantive rank last held in accordance with Articles 193 and 532 of the PW.
- b. Service and Rank increments of the substantive rank last held.
- c. Indian addition appropriate to the emoluments of the substantive rank last held.
- d. Home saving element at the rates given in Paragraph 2b(3) above.
- e. Parachute pay (if in issue at time of discharge).
- f. Flying/Observer Pay (if in issue at time of discharge).

10004. Higher Paid Acting Rank. Personnel with higher paid acting rank are affected as follows:

- a. If the higher paid acting rank is held for less than 3 years, gratuity will be assessed on the basis of pay of substantive plus 50% of the difference between the pay of the higher paid acting rank and substantive rank.
- b. If the higher paid acting rank is held for 3 years or more, gratuity will be assessed on the basis of the pay of the higher paid acting rank i.e., in such cases, full benefit of holding higher paid acting rank will be admissible in the assessment of gratuity.

SCALES OF SERVICE GRATUITY.

10005. Individuals with 5 or more years but less than 15 years qualifying service discharged for the following reasons will be awarded a service gratuity of one month's pay for each completed year of service when pay is assessed in accordance with Paragraph 2 and two thirds of a month's pay when pay is assessed in accordance with Paragraph 3:

- a. Compulsory discharge with gratuity.
- b. Services no longer required.
- c. Otherwise than at their own request, having reached the stage at which discharge may be enforced.

ANNEX A TO
CHAPTER 10

10006. Individuals with 5 or more years service, who are discharged at their own request on compassionate grounds or for other personal reasons, will be awarded service gratuity at the following scale:

- a. On compassionate grounds - 75% of the gratuity already earned.
- b. For other personal reasons - 25% of the gratuity already earned.

DEATH-CUM-RETIREMENT GRATUITY SCHEME

10007. Introduction. Previously this subject was dealt with under Chapter 6, Part 1 of the old Gurkha Pay and Pensions Manual. Under this scheme all ranks who qualify for a Service/Invalid Gratuity or Pension will also be eligible for a Retirement Gratuity. Those who die while in service or within a period of 5 years from the date of discharge/retirement will qualify for a Death Gratuity which will be paid to their nominated heir. The maximum limit of death-cum-retirement gratuity is as follows:

- 01 January 1973 - ICRs 100,000/-
- 01 January 1996 - ICRs 350,000/-

10008. Retirement Gratuity. An individual who has completed 5 years qualifying service and is eligible for service/ invalid gratuity or pension of any type, shall be granted on the termination of his service, a retirement gratuity equal to one fourth of reckonable monthly emoluments for each completed six monthly period of qualifying service subject to a maximum of 33 years service.

10009. Death Gratuity. A death gratuity at the following rates will be admissible in the event of death in service:

Length of qualifying service	Maximum rate of death gratuity
Less than one year	Two months emoluments
One year or more but less than 5 years	Six months emoluments
5 years or more but less than 20 years	Twelve months emoluments
20 years or more	Half of monthly emolument for each completed six months of qualifying service subject to a minimum of twelve months emoluments and a maximum of 33 years service.

10010. Definition of Emoluments. For the purpose of this instruction emoluments shall include the following:

- a. In the case of GCOs – Basic pay of the rank last held.
- b. In the case of QGOs granted honorary commissions as GCOs it will either be the basic pay of the rank last held as an honorary GCO or the basic pay, including portion of dearness

ANNEX A TO
CHAPTER 10

allowance for those who retire on or after 30 September 1977 and Home Saving Element, of the rank last held as a QGO, whichever is the higher.

- c. In the case of QGOs and Other Ranks:
- (1) Basic pay of the rank last held in the concerned pay group (including Good Service Pay/Rank and Service Increments).
 - (2) Dearness Allowance.
 - (3) Where Service/Invalid Gratuity is awarded the Death-cum-Retirement Gratuity is to be reduced by one eighth of a months emoluments for each completed six monthly period of service beyond 4 years.

10011. Effect of Higher Paid Acting Rank. The effects are as follows:

- a. If the higher paid acting rank is held for less than ten months, gratuity will be assessed on the basis of pay of substantive rank plus 50% of the difference between the pay of the higher paid acting rank and substantive rank.
- b. If the higher paid acting rank is held for ten months or more, gratuity will be assessed on the basis of pay of the higher paid acting rank i.e. in such cases, full benefit of holding higher paid acting rank will be admissible in the assessment of gratuity.

Bank Name	
Branch Location	
Sort Code	
Account Number	
Account Title	

Part 3 - Correspondence Address

Please provide an address for the despatch of your P45 and any future correspondence on pension matters:

Address Line 1	
Address Line 2	
Address Line 3	
Address Line 4	
Postcode	
Country	

If pension is to be paid into a UK bank account at option 3 above, a UK address must be provided.

Part 4 - Declaration by Officer/Soldier

I declare that I am the person named above.

*I understand that subject to the authority of SPVA, I will be entitled to receive pension for service in the Army. I further understand that a condition of payment of my pension is that I must complete and return Life Certificates sent to me periodically and that my failure to do so may result in suspension of my pension. (*Delete if not entitled to pension)

I understand that in the event of any overpayment of my final pay and allowances or terminal benefits, such overpayment is recoverable. I authorise any such recovery to be made by SPVA from any monies due to me. Where I have no immediate payment of monies due to me I agree to refund the money within 14 days of notification.

Signature of Soldier:		Date:	
-----------------------	--	-------	--

Part 5 - Certificate of RAO

To the best of my knowledge the details quoted above are complete and correct.

Signature of RAO:		Date:	
Rank			
Name in Capitals			

Unit Telephone No:		Unit Stamp:	
Unit Fax No:			

Copy to:

RAO BG Kathmandu/BG Pokhara/RFO Dharan* - with photocopies of bank details
HQ BGN
Individual

* Delete as appropriate

Notes:

1. All monies due to an individual from his pension entitlement will be paid to the bank accounts nominated at Part 2. It should be understood that cash payment of any of these elements is not an option, and the payment of pension will only be permitted to a bank account, cash payment of pension is no longer an option for all personnel discharged on or after 1 Apr 05.
2. Once an election has been made for the disposal of monies due to an individual it may not be changed before FDD/FDR. After FDD/FDR the pension account details may be changed on submission of the new account details to the individual's controlling PPO or Xafinity Paymaster (1836) Ltd as appropriate.
3. All personnel are encouraged to have pensions paid into a joint bank account with their wives to ensure funding for them in the event of the pensioner seeking work overseas.
4. The bank account options may be in any country but individuals should be aware of the following regarding pensions:
 - a. Payments made through FENAS to the PPOs in Nepal will be in local currency at no cost to the individual. No UK tax is liable under present arrangements providing the individual is not resident or working in the UK. If the individual is resident or working

Amdt 21 - Dec 20

in the UK then their pension income paid through FENAS must be declared by them to HM Revenue and Customs.

b. Payments made in the UK through Xafinity Paymaster (1836) Ltd will be at no cost to the individual but will be subject to currency fluctuations. Pension payments will also be taxed at the basic rate by Xafinity Paymaster (1836) Ltd irrespective of where the individual is resident, with any adjustments necessary to be agreed between the individual and their HM Revenue and Customs office.

c. Payments made outside the UK by Paymaster (1836) Ltd will be liable for tax if the individual is resident or working in the UK. If they are resident outside the UK then no UK tax is liable under present arrangements. Payments made abroad can be made as follows:

(1) By direct debit to the account abroad using the BACS system, which operates mainly in countries of the developed world. There is no obvious charge but the £2.55 or 1.5% fee is covered by the exchange rate used.

(2) By airmail Sterling cheque to a bank overseas. There is no charge by Paymaster but the overseas bank may charge.

5. It is the responsibility of all pensioners to ensure that their PPO, for those paid by the FENAS, or Xafinity Paymaster (1836) Ltd are given their current address. Failure to inform pension payment authorities of changes to these address details will lead to Life Certificates not being returned on time and the temporary suspension of pension payments.