



Home-Based Businesses Handout



Please note that this Information Paper only provides basic information and is not intended to serve as a substitute for personal consultations with a Legal Assistance Attorney.

PERMISSIBLE GOODS AND SERVICES

Normally, only the sale of goods and services not available from AAFES-Eur, MWR, or NAFI activities will be authorized. However, commercial solicitation privileges or permission to operate an HBB may be granted even though the products or services offered are similar to those sold by AAFES-Eur, MWR or NAFI activities. The 1st PERSCOM or local ICAO will consider, as a minimum, the following:

- a. Availability of the goods or services at AAFES-Eur, MWR, or NAFI facilities.
- b. Any delays before AAFES-Eur, MWR, or NAFI facilities can provide the goods or services in question.
- c. Comments received from AAFES-Eur, MWR, or NAFI managers concerning the goods or services offered for commercial solicitation or provided by an HBB. AE 210-70 para. 6.

WHO MAY OPERATE A HBB?

U.S. military personnel, DOD civilians and their families may operate a home-based business that provides goods and services. However, U.S. military personnel and DOD civilians may NOT directly or indirectly represent, be employed by, or act as an agent for any company on Army and Air Force installations or in Government-owned or -leased housing. AE 210-70 para. 7.

PROHIBITED ACTIVITIES

The following practices are prohibited:

- a. Door-to-door solicitation of residents of Government-owned or -leased quarters if the residents have not extended a personal invitation. Vendors are permitted in Government-owned or -leased quarters only at the personal invitation of individual residents. Door-to-door solicitation includes any solicitation without an appointment in—
 - (1) Areas used for processing or housing transient personnel.
 - (2) Barracks, dormitories, or unit areas.
 - (3) Family quarters areas.

- (4) Areas provided by the installation commander for interviews and appointments.
- b. Unsolicited contacts made in person or by telephone. This does not prohibit contacting current (not past) customers or responding to requests for customer service.
 - c. Making appointments with or soliciting military and civilian personnel who are on duty.
 - d. Using a title such as “battalion insurance adviser,” “unit insurance counselor,” “SGLI conversion consultant,” or similar quasi-official title.
 - e. Participating in any educational or orientation program or presentation that is sponsored by an Army or Air Force unit or organization and discusses budgeting, estate planning, Government benefits, insurance, real estate, savings, and the protection and remedies offered to consumers under the Truth in Lending Act (Reg Z, 12 CFR 226; 15 U.S.C. 1601-1665).
 - f. Soliciting personnel in a “mass” or “captive” audience.
 - g. Procuring, trying to procure, or supplying roster listings of U.S. Forces personnel.
 - h. Offering unfair, improper, or deceptive inducements to purchase or trade.
 - i. Offering rebates to promote transactions or eliminate competition. (Credit union interest refunds to borrowers are not considered prohibited rebates.)
 - j. Using any oral or written representation to suggest or give the appearance that a DOD agency sponsors or endorses the company, its agents, commodities, goods, or services.
 - k. Offering pay or gifts of any kind to individuals who promote a particular sale. This does not include advertising material for prospective purchasers (for example, pens, pencils, wallets, notebooks) with a value of \$20 or less.
 - l. Coercive or threatening personal conduct (for example, disorderly conduct, abusive language).
 - m. Using misleading, manipulative, deceptive, or fraudulent devices, schemes, artifices, advertising, business cards, or sales literature.
 - n. Selling goods or services not listed on AE Form 210-70E or a local letter of authorization on the installation.
 - o. Possessing or trying to obtain DD Form 2558.
 - p. Reproducing, altering, or lending AE Form 210-70E or a local letter of authorization.
 - q. Soliciting personnel, distributing product literature, or displaying advertising materials at bazaars sponsored by AAFES, MWR, or a PO unless the company or individual has a signed contract with the bazaar organizer, and the company or individual’s participation and planned activities have been specifically approved, in writing, by the installation commander.

- r. Using military personnel or DOD civilian employees to directly or indirectly represent, be employed by, or act as agents for a commercial enterprise on Army and Air Force installations. This restriction applies even if the military personnel or DOD civilian employees do not receive compensation.
- s. Employing individuals under the age of 18 as employees, representatives, or agents.
- t. Violating the Truth in Lending Act or failing to incorporate and abide by the Standards of Fairness in AR 210-7, appendix B.
- u. Serving as an agent, employee, or representative for a company that has approved commercial solicitation privileges while also serving as an agent, employee, or representative of a company that has not received approval for commercial solicitation. AE 210-70 para. 8.

APPLICATIONS TO OPERATE A HOME-BASED BUSINESS

Individuals may not operate an HBB in Government-owned or -leased quarters until they have received written approval to do so from the installation commander. An individual who wishes to operate an HBB must submit, as a minimum, the following documents to the local ICAO at least 30 days before beginning operations:

- a. A signed letter requesting permission to operate an HBB in Government-owned or -leased quarters. The individual requesting permission to operate an HBB must be the person who will actually operate the HBB; a family member, for example, may not apply to operate an HBB that will actually be run by another individual. The request must include the proposed name of the business, address, telephone number, type of business, service or goods offered for sale, proposed methods of contacting customers and advertising, and how services are conducted. Only an original ink signature is acceptable.
- b. A signed copy of AE Form 210-70A.
- c. If the HBB will offer goods or services for sale on the installation, two current passport-size photographs of the individual who will operate the HBB.
- d. The individual's HN tax identification number (for example, the *Steuernummer* in Germany) and a copy of all required HN tax documents (for example, a *Steuerkarte* in Germany).
- e. Documentation (for example, a copy from the *Handelsregister* in Germany) to show that the individual is properly registered, if required, in the HN.
- f. One copy of any retail or installment contracts that will be used during commercial solicitation. All retail and installment contracts used on Army and Air Force installations must be in English and must include a cancellation clause, placed prominently and written in bold print or other distinctive marking. The cancellation clause must state—

The buyer may cancel the contract within 14 days after the date of the contract without penalty or obligation. The contract must be cancelled by giving written notice to [insert name and address of the commercial enterprise or self-employed vendor] by mail, telegram, or personal delivery. Mailing the cancellation notice within 14 days satisfies this term.

- g. A catalog or list of goods and services offered by the vendor along with a description of the goods and services, accurate photographs of goods offered for sale, and a price list for all goods and services.
- h. From family members of the U.S. Forces only, a photocopy of a valid passport and a photocopy of the SOFA Identification Certificate. Family members of U.S. Forces must have a valid SOFA Identification Certificate in their passports to process their application.
- i. From HN residents only, a current HN identification card (for example, a *Reisepass* or *Personalausweis* in Germany) or residency permit (for example, an *Aufenthaltstitel* in Germany) for noncitizens that reside and solicit in the HN.
- j. Copies of all other permits or licenses, if any, required by HN law (for example, a *Reisegewerbekarte*, which is a permit to conduct business without a permanent local office in Germany). If local HN authorities (for example, the *Stadverwaltung* or *Gewerbeamt* in Germany) are required by HN law to issue statements of exemption, a copy of this document must be provided. Any permit, license, or statement of exemption must clearly identify the individual, the goods or services sold, and whether the permit, license, or statement of exemption applies only to sales made to U.S. Forces members or their family members.
- k. A signed statement that no modifications will be made to Government-owned or -leased quarters or an explanation of proposed modifications. If modifications are proposed, the statement must include an engineering evaluation of the proposed modifications obtained at the individual's expense, acknowledgement that the proposed modifications will be completed at the individual's expense, acknowledgement that the individual will pay any maintenance costs resulting from the modifications, and acknowledgement that the individual is responsible for removing the modifications before vacating the quarters.
- l. If provided for by HN law, a statement of good conduct (for example, a *Führungszeugnis* in Germany) dated no more than 90 days after the date of the application.
- m. Servicemembers and DOD, DA, USAF, and NAFI employees requesting permission to operate an HBB must include a memorandum from their commander or supervisor authorizing outside employment.

ADDITIONAL PROHIBITED ACTIVITIES FOR HOME-BASED BUSINESSES

Individuals may operate an HBB in Government-owned or -leased quarters provided they comply with paragraph 8 of AE 210-70 and the following additional limitations:

- a. Government-owned or -leased quarters will not be used as a business showroom, warehouse, or storage facility.
- b. No exterior parts of Government-owned or -leased quarters (for example, doors, windows, hallways, and exterior walls) will be used to advertise products or services.
- c. The use of U.S. Forces-plated privately owned vehicles (POVs) for HBB activities is prohibited. U.S. Forces-plated POVs will not bear signs advertising HBB goods or services.
- d. The use of tax- and duty-free gasoline, whether purchased with AAFES gas coupons or

at AAFES service stations, for HBB activities is prohibited.

e. The MPS may not be used to send or receive any parcels or correspondence related to the HBB. (This does not preclude customers from receiving goods ordered through an HBB and properly mailed directly to individual customers by a company through either the U.S. or HN postal service.)

f. Individuals may not purchase goods for demonstration, resale, or for operation of the HBB (for example, ledger books, computers) from AAFES, the AAFES catalog, a commissary, or any other tax- or duty-free sales facility (for example, an installation bowling alley). Individuals may not use AE Form 550-175A to import tax- and duty-free goods for demonstration, resale, or for operation of the HBB. Individuals may not use value-added tax (VAT) deduction forms (for example, the *Abwicklungsschein* in Germany) to purchase goods for demonstration, resale, or for operation of the HBB.

g. Individuals operating an HBB are liable for all applicable HN individual and business taxes and fees. They may also be liable for U.S. income, social security, and corporate taxes. Individuals operating an HBB must obtain an HN tax number and may be required to obtain a U.S. taxpayer identification number. Individuals operating an HBB are not authorized to receive legal or tax assistance regarding their HBB from military legal offices.

h. Before leaving Europe, individuals operating an HBB are responsible for ensuring their business activities are reported to HN tax authorities for any tax actions that may be applicable to the operation of the HBB.

i. Individuals operating an HBB may not use any Government property (for example, computers, fax machines, telephones, supplies, cell phones) for any HBB activities.

j. Individuals operating an HBB may not use MWR facilities, (for example, craft shops, recreation centers) in support of the HBB.

k. Individuals operating an HBB may not employ servicemembers or Federal employees as agents, brokers, or salespersons.

For more information see AE 210-70 or seek assistance from a private attorney. NOTE: Per AR 27-3, legal assistance services are not available to individuals regarding the operations of a home-based business.

REVIEWED BY: CPT Michael Watts, Chief, Client Services

DATE: 29 November 2006

References:

USAREUR Regulation 210-70/USAFE Regulation 211-16

USAREUR Regulations website: <https://www.aeaim.hqusareur.army.mil/library/reg/index-aer.shtm>