

2 FAM 260

TAX EXEMPTIONS ACCORDED U.S. REPRESENTATIVES ABROAD

(TL: GEN-107; 04-30-1968)

2 FAM 261 GENERAL

(TL: GEN-107; 04-30-1968)

Taxation of diplomatic and consular representatives is largely administered and regulated on the basis of reciprocity. At the present time, diplomatic representatives of the United States, their families, and American members of their staffs, stationed abroad, are generally exempt from the payment of local taxes except on personally owned property or businesses. Unless exempted by treaty or agreement, consular officers are subject to local taxes in the city and country in which they reside, but as a matter of courtesy and comity they are frequently exempted from the payment of personal taxes.

2 FAM 262 KNOWLEDGE OF TAX EXEMPTIONS

(TL: GEN-107; 04-30-1968)

Because tax exemptions are frequently granted or withheld on a reciprocal basis, diplomatic and consular officers acquaint themselves with the tax exemptions extended by the United States to the representatives of the country to which they are accredited (see section 2 FAM 270 for a generalized treatment of this subject), as well as with treaty provision, local laws, and regulations prescribed by the country to which they are accredited

2 FAM 263 REQUEST FOR TAX EXEMPTIONS

(TL: GEN-107; 04-30-1968)

Requests for tax exemptions addressed to a foreign government are always made through the local American mission. Where there are discrepancies between the exemptions granted representatives in the United States and those granted American personnel abroad, representation should be made to the foreign government concerned in the same manner as prescribed with reference to discrepancies in customs courtesies and free entry privileges (see section 2 FAM 242).

2 FAM 264 EXEMPTIONS FROM FEDERAL MANUFACTURERS' EXCISE TAX

2 FAM 264.1 Exempted Articles

(TL: GEN-107; 04-30-1968)

The following articles, ordinarily subject to the Federal manufacturers' excise tax, may be considered manufactured for export and therefore free from payment of such tax under the conditions specified in section 2 FAM 264:

Automobiles, automobile trucks, motorcycles.

Firearms, shells, and cartridges.

Gasoline.

Lubricating oils.

Pistols and revolvers.

Sporting Goods (fishing equipment).

Tires and inner tubes

2 FAM 264.2 Declaration of Intention to Export

(TL: GEN-107; 04-30-1968)

If an American Foreign Service employee located in, but not a permanent resident of, a foreign country is able to furnish the manufacturer with a statement before or at the time of sale or shipment (whichever is prior) to the effect that the article will ultimately be sold or otherwise disposed of abroad, and that there is no intention of returning to the United States at any time, such statement is regarded as adequate evidence that, despite a temporary foreign assignment, the article was sold by the manufacturer for export. A credit or refund of tax may not be allowed, however, when the statement is submitted subsequent to the time of sale or shipment, whichever is prior. If the individual desires to avoid payment of the Federal manufacturers' excise tax, the statement, which accompanies such orders, reads as follows:

DECLARATION OF INTENTION TO EXPORT

I, _____, a citizen of the United States of America, hereby swear and affirm that the following merchandise, to wit:

is purchased for use and ultimate disposition abroad and I have no intention of returning or using these items in the United States at any time.

(Date)

(Purchaser)

2 FAM 265 CUSTOMS, TAX, AND FISCAL EXEMPTIONS ON U.S. GOVERNMENT EXPENDITURES IN FOREIGN COUNTRIES

2 FAM 265.1 Purpose

(TL: GEN-138; 11-4-70)

The purpose of this regulation is to establish procedures for obtaining maximum tax relief on U.S. Government expenditures in foreign countries. Each mission, when instructed by the Department, shall designate an officer who will be responsible for the implementation of the U.S. foreign tax relief program. The designated officer will act in liaison with U.S. military authorities similarly designated by the Department of Defense and, when appropriate, with representatives of other concerned U.S. Government agencies. The Department will specifically instruct the missions falling within the scope of this regulation.

2 FAM 265.2 Policy

(TL: GEN-138; 11-4-70)

It is the policy of the United States Government to reduce to a minimum the foreign taxation of U.S. Government expenditures made abroad by the Department of Defense for the common defense. This policy shall extend, to the extent possible, to nondefense expenditures of other U.S. Government agencies, e.g. State, AID, USIA. Since 1951, the U.S. Government has concluded various tax relief agreements and status of force agreements which embody this policy. As appropriate, additional tax relief agreements may be negotiated.

2 FAM 265.3 State/Defense Interdepartmental Committee on Foreign Tax Relief

(TL: GEN-107; 04-30-1968)

On June 25, 1970, the State/Defense Interdepartmental Committee on Foreign Tax Relief was established. The purpose and functions of this committee are:

a. To investigate and study the tax laws and structures of the countries in which the United States Government is making defense and other expenditures that have been subject to local taxation; and

b. To report, advise, and recommend to the Department of State and the Department of Defense, policies, practices, procedures, ways, and means of obtaining additional tax relief for the United States Government, including, as necessary, the negotiating of additional tax relief agreements and agreements for the resolution of outstanding problems under extant tax relief agreements.

2 FAM 265.4 Scope of Customs, Tax, and Fiscal Exemptions

(TL: GEN-107; 04-30-1968)

The exemptions sought include, but are not limited to, all customs duties, import and export taxes, and fees and other charges (except for services rendered or other considerations actually received), whether direct or indirect, imposed at the national, provincial, state, or local levels in foreign countries, for common collective defense and other U.S. Government purposes.

2 FAM 265.5 Duties of Designated Officer

(TL: GEN-107; 04-30-1968)

The designated officer will:

(1) advise U.S. military and other interested U.S. representatives in that country on matters connected with the preparation of country tax studies, as requested;

(2) serve as point of liaison with such representatives on tax relief problems; and

(3) assist in the resolution of tax exemption problems with appropriate foreign government authorities.

2 FAM 265.6 Reporting Foreign Tax Relief Matters to the Department

(TL: GEN-107; 04-30-1968)

a. The Office of the Legal Adviser in the Department of State has been designated as the central office responsible for worldwide foreign tax relief matters within the Department of State.

b. All matters pertaining to foreign tax relief should be addressed to the Department of State, for the attention of the Assistant Legal Adviser for Special Functional Problems (L/SFP).

c. When the tax problem involves defense expenditures, an information copy should also be sent to the Office of the General Counsel of the Department of Defense, which has been designated as the central office within the Office of the Secretary of Defense responsible for the foreign tax relief program. (See Department of Defense Directive Number 5100.64 dated August 12, 1970.)

2 FAM 266 THROUGH 269 UNASSIGNED