

No. 2307

**UNITED STATES OF AMERICA
and
UNITED KINGDOM OF GREAT BRITAIN
AND NORTHERN IRELAND**

Exchange of notes (with annexed agreed minute) constituting an agreement relating to the relief from taxation of United States Government expenditures in the United Kingdom for the common defense effort. London, 17 and 18 March 1952

Official text: English.

Registered by the United States of America on 22 October 1953.

**ÉTATS-UNIS D'AMÉRIQUE
et
ROYAUME-UNI DE GRANDE-BRETAGNE
ET D'IRLANDE DU NORD**

Échange de notes (avec procès-verbal approuvé en annexe) constituant un accord relatif à l'exonération fiscale des dépenses faites au Royaume-Uni par le Gouvernement des États-Unis dans l'intérêt de la défense commune. Londres, 17 et 18 mars 1952

Texte officiel anglais.

Enregistré par les États-Unis d'Amérique le 22 octobre 1953.

No. 2307. EXCHANGE OF NOTES CONSTITUTING AN AGREEMENT¹ BETWEEN THE UNITED STATES OF AMERICA AND THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND RELATING TO THE RELIEF FROM TAXATION OF UNITED STATES GOVERNMENT EXPENDITURES IN THE UNITED KINGDOM FOR THE COMMON DEFENSE EFFORT. LONDON, 17 AND 18 MARCH 1952

I

The British Secretary of State for Foreign Affairs to the American Ambassador

FOREIGN OFFICE, S.W.1.

(M 282/74)

17th March, 1952

Your Excellency,

I have the honour to refer to the discussions which have taken place in London between representatives of our two Governments regarding relief from taxation of United States Government expenditures in the United Kingdom for the common defence effort, including such expenditures for any foreign aid programme, and I attach an Agreed Minute setting out the understandings reached at these discussions.

I have the honour to confirm on behalf of the Government of the United Kingdom the understandings recorded in the Agreed Minute, it being understood that they shall be subject to review if either Government so wishes.

I would be grateful if Your Excellency would confirm these understandings on behalf of the Government of the United States of America.

I have the honour to be, with the highest consideration,
Your Excellency's obedient Servant,

Anthony EDEN

His Excellency the Hon. Walter S. Gifford
etc., etc., etc.

¹ Came into force on 18 March 1952 by the exchange of the said notes.

AGREED MINUTE ON THE RELIEF FROM TAXATION OF UNITED STATES GOVERNMENT EXPENDITURES IN THE UNITED KINGDOM

1. Recently discussions have been held between representatives of the interested Departments of the Government of the United Kingdom and representatives of the United States Embassy in London and members of the Special United States Tax Delegation, with the purpose of reaching a common understanding on the extent of the United Kingdom tax exemption that would apply to United States Government expenditures in the United Kingdom for equipment, materials, facilities and services for the common defence effort, including such expenditures for any foreign aid programmes of the Government of the United States.
2. In these talks the effect of the various types of United Kingdom taxes on offshore procurement, contributions to infrastructure and United States expenditures for other purposes was explored.
3. As a result of these discussions, the following understandings have been reached :
 - a. This Agreed Minute (excepting, however, paragraph 3 (f) hereof) is not intended to affect tax exemption or relief provided by the Government of the United Kingdom in accordance with existing agreements or practices in connection with the activities of the United States Armed Forces or other agreements such as the Mutual Defense Assistance Agreement of January 27, 1950.¹ Nor is it intended that the London Agreement of June 19, 1951 on the Status of NATO Forces should affect such agreements or practices or the understandings contained in this Agreed Minute.
 - b. Further, this Agreed Minute is not intended to affect existing practices or arrangements relating to taxation affecting those expenditures which are made for the increase in the production or the procurement for shipment to the United States of materials in which the United States is deficient.
 - c. No exemptions are sought herein from income or profits taxes or from National Insurance or superannuation contributions.
 - d. The purchase tax exemption or relief accorded at present on purchases made by the United States Armed Forces will be made available, upon request by the Government of the United States and under agreed procedures, for all United States Government expenditures in the categories embraced by this Agreed Minute.
 - e. Exemption or relief from import duty will be made available under agreed procedures for all United States Government expenditures in the categories embraced by this Agreed Minute on imported articles, and on imported components or materials incorporated into articles produced in the United Kingdom, where circumstances are similar to those in which provisions for drawback of duty would be allowable had such articles been exported from the United Kingdom.

¹ United Nations, *Treaty Series*, Vol. 80, p. 261, and Vol. 164, p. 362.

- f.* It is the intention of the Government of the United Kingdom that the procedures described in (*d*) and (*e*) above should provide for direct relief rather than for refunds to the Government of the United States.
- g.* In accordance with practice under existing agreements, no article owned by the Government of the United States in respect of which exemption or relief from taxation has been allowed under this Agreed Minute will be disposed of on the United Kingdom home market without the consent of the Government of the United Kingdom.
4. With respect to any taxes of the United Kingdom not specifically referred to in this Agreed Minute which might be found to be applicable to United States Government expenditures in the categories embraced by this Agreed Minute, the two Governments will agree upon procedures with the purpose of making available exemption or relief therefrom consistent with the understandings contained herein.
5. In the event of the Government of the United States considering that any tax imposed by a dependent overseas territory of the United Kingdom affects expenditures of the kind covered by this Agreed Minute, the Government of the United Kingdom will, at the request of the Government of the United States, consult the authorities of the dependent overseas territory concerned regarding the possibility of obtaining for the Government of the United States appropriate relief or exemption similar to that outlined in this Agreed Minute.

II

The American Ambassador to the British Secretary of State for Foreign Affairs

AMERICAN EMBASSY
LONDON, ENGLAND

No. 5105

March 18, 1952

Excellency :

I have the honor to acknowledge the receipt of Your Excellency's note^e of March 17, 1952, to which was attached the text of an Agreed Minute setting out the understandings reached at the discussions which have recently taken place in London between representatives of our two Governments regarding relief from taxation of United States Government expenditures in the United Kingdom for the common defense effort, including such expenditures for any foreign aid program. Your note confirmed that the understandings recorded in the Agreed Minute are acceptable to the Government of the United Kingdom on the understanding that they shall be subject to review if either Government so wishes.

No. 2307

In reply I have the honor to confirm that the understandings set forth in your note and in the Agreed Minute attached thereto are also acceptable to the Government of the United States.

Accept, Excellency, the renewed assurances of my most distinguished consideration.

Walter S. GIFFORD

The Honorable Anthony Eden, M. C., M. P.
Secretary of State for
Foreign Affairs
H. M. Foreign Office