

No. 2351

**UNITED STATES OF AMERICA
and
ITALY**

Exchange of notes (with annex) constituting an agreement relating to relief from Italian taxes of expenditures made in Italy by the United States for the common defense. Rome, 5 March 1952

D: indefinite

Official texts English and Italian.

Registered by the United States of America on 2 November 1953.

**ÉTATS-UNIS D'AMÉRIQUE
et
ITALIE**

Échange de notes (avec annexe) constituant un accord tendant à exonérer des impôts italiens les dépenses faites en Italie par les États-Unis pour la défense commune. Rome, 5 mars 1952

Textes officiels anglais et italien.

Enregistré par les États-Unis d'Amérique le 2 novembre 1953.

No. 2351. EXCHANGE OF NOTES CONSTITUTING AN AGREEMENT¹ BETWEEN THE UNITED STATES OF AMERICA AND ITALY RELATING TO RELIEF FROM ITALIAN TAXES OF EXPENDITURES MADE IN ITALY BY THE UNITED STATES FOR THE COMMON DEFENSE. ROME, 5 MARCH 1952

I

The Italian Minister of Finance to the American Ambassador

[ITALIAN TEXT — TEXTE ITALIEN]

REPUBBLICA ITALIANA
IL MINISTRO DELLE FINANZE

N. 2469

Roma, 5 marzo 1952

Eccellenza;

recentemente si sono svolte conversazioni fra il Governo Italiano e il Governo degli Stati Uniti d'America in merito alle tasse ed imposte italiane, nei limiti in cui esse verrebbero a colpire alcune spese degli Stati Uniti per la difesa comune. Tali conversazioni sono state condotte sulla base del principio, reciprocamente concordato, che le spese effettuate in Italia dagli Stati Uniti per la difesa comune debbano essere esenti da tasse ed imposte italiane. Nel corso di queste conversazioni, si sono raggiunte alcune intese, che sono lieto di comunicare-Le quali impegni del Ministero delle Finanze Italiano.

1. L'Italia concederà lo sgravio da tasse ed imposte italiane secondo le modalità precisate nell'Annesso alla presente nota. Tale sgravio fiscale verrà applicato a tutti gli acquisti degli Stati Uniti in Italia di armamenti, equipaggiamenti, materiali, attrezzature (*facilities*) e servizi per lo sforzo comune di difesa. E' inteso che lo sforzo comune di difesa comprende i programmi di aiuti all'estero degli Stati Uniti attualmente in corso.

2. Le tasse ed imposte italiane per cui lo sgravio verrà concesso colle modalità di cui all'Annesso sono le seguenti :

- a) Imposta generale sull'entrata;
- b) Imposte di fabbricazione, ivi inclusa l'imposta sui filati delle fibre tessili e l'imposta sugli oli minerali;
- c) Imposta di registro;
- d) Imposte di consumo; materiali per costruzioni edilizie;
- e) Dazi doganali all'importazione.

¹ Came into force on 5 March 1952 by the exchange of the said notes.

[TRANSLATION¹ — TRADUCTION²]

ITALIAN REPUBLIC
THE MINISTER OF FINANCE

No. 2469

Rome, March 5, 1952

Excellency,

[*See note II, as far as paragraph 5 " . . . of sponsoring appropriate legislation."*]

6. These undertakings enter immediately into effect.

With the highest consideration,

Ezio VANONI

His Excellency James Clement Dunn
Ambassador of the United States of America
Rome

A N N E X

[*See Annex to note II, paragraphs 1 to 3*]

4. The laws of Italy with regard to social security and other contributions related to the employment of individuals are not affected by this Agreement.

II

The American Ambassador to the Italian Minister of Finance

THE FOREIGN SERVICE OF THE UNITED STATES OF AMERICA

Excellency :

We have received your Note (with attached Annex) of March 5, 1952, which reads as follows :

“ Recently discussions have been held between the Governments of Italy and of the United States of America on the subject of Italian taxation in so far as it may affect certain United States expenditures for the common defense. These discussions have been conducted on the basis of the agreed principle that expenditures made in Italy by the United States for the common defense

¹ Translation by the Government of the United States of America.

² Traduction du Gouvernement des États-Unis d'Amérique.

should be free of Italian taxation. In the course of these discussions certain understandings have been reached, which I am pleased to communicate to you as the undertakings of the Italian Ministry of Finance :

“ 1. Relief will be granted by Italy from Italian taxes in the manner specified in the Annex to this Note. Such tax relief will be applied to all United States purchases in Italy of armament, equipment, materials, facilities and services for the common defense effort. The common defense effort is understood to include existing foreign aid programs of the United States.

“ 2. The taxes for which relief will be provided in the manner specified in the Annex are the Italian : (a) Transactions tax (*Imposta Generale sulla Entrata*) (b) Taxes on production (*Imposte di Fabbricazione*), including taxes on textiles (*Imposta sui Filati delle Fibre Tessili*) and petroleum products (*Imposta sugli Olii Minerali*); (c) Registration of contracts tax (*L'Imposta di Registro*); (d) Taxes on construction and building materials (*Imposte di Consumo: Materiali per Costruzioni Edilizie*); and (e) Import duties (*Imposte Doganali*).

“ 3. The tax relief granted under this Note and the Annex thereto will be applied independently of possible limiting provisions contained in agreements concluded earlier and will supplement the tax benefits currently enjoyed in Italy by the United States. The relief so accorded will apply to all payments of the United States of the character described herein which are made after the date of this Note.

“ 4. With respect to any taxes not specifically referred to in this Note which might be found to be applicable to expenditures of the character described herein, the two Governments will consult with a view to arriving at mutually satisfactory arrangements consistent with the spirit of this Note.

“ 5. Similarly, if other special situations should arise with respect to taxes of the type covered by paragraph 2, such situations will be discussed between the two Governments in the spirit and within the terms of the understandings of the present Note. If necessary, the Italian Government will examine the feasibility of sponsoring appropriate legislation.

“ 6. The laws of Italy with regard to social security and other contributions related to the employment of individuals are not affected by this Agreement.

“ 7. These undertakings enter immediately into effect. ”

A N N E X

“ It will be possible for Italy to provide the tax relief described in Note of the Minister of Finance of March 5, 1952, within the framework of existing legislation and in the manner described below :

“ 1. With respect to procurement of goods and services : Procurement by or on behalf of the United States of the character described in the Note of March 5, 1952, will have the benefit as exports of fiscal exemptions. (a) For I.G.E., the system applied will be : (i) Exemption for such purchases from the payment of the normal tax applicable

to the last sale; (ii) Reimbursement of the I.G.E., already included in the price of goods so procured. The Minister of Finance will determine, through Ministerial Decrees, the amount of the I.G.E. actually included in such categories of goods and the amount which accordingly will be reimbursed on such purchases of the United States. This amount will be reimbursed by the Ministry of Finance to the vendor to the United States. Upon prior notification of the American authorities of categories as to which procurement may be made the Italian Administration will be able to state the amount of tax reimbursable in each such category, and will give this information to the American authorities even before publication of the Decrees in the *Official Gazette*. The price paid by the United States to the vendor thus will be net of taxes. (iii) Exemption of the tax on the furnishing of services under contracts for processing, repair or rebuilding of "non-nationalized" items (that is, not formally incorporated into the Italian economy). (b) For production taxes including those on textiles and petroleum products the allowance or the reimbursement will be conceded or maintained by the Ministry of Finance according to current procedures. (c) For the tax on registration of contracts, it is hereby made clear that no tax is applicable on contracts stipulated or concluded outside of Italy.

" 2. With respect to construction in Italy and the procurement of goods and services intended for the common defense in Italy: The Italian Administration will assume the burden of taxes affecting expenditures of the United States. The taxes included in this Article are the I. G. E., the registration of contracts tax and every other tax that can be applied to procurement or to construction or maintenance thereof, including such consumption tax on building materials as may possibly be chargeable. (a) Where procurement or construction is carried out by the Armed Forces of the United States, or by means of a contract to which the United States or an agency thereof is a party, the Italian Administration will sustain that part of the cost which can be attributed to the above-mentioned Italian taxes. Appropriate agreements will be made with the interested Italian Ministry concerning the procedural aspects of this paragraph. (b) Where procurement or construction is carried out by the Italian Government or by its Armed Forces, the United States will reimburse the Italian Government the agreed part of the total cost of the construction or procurement less an amount established by application to the United States contribution of the percentage of taxes in the total cost.

" 3. (a) Import duties are currently suspended with regard to the more important articles of a military nature imported into Italy. Such exemption will be extended, in so far as possible, to all articles imported by or on behalf of the United States having the character of defense or other aid within the framework of common defense. (b) Customs duties for which exemption or allowance cannot be conceded under current regulations will be assumed as a burden by the Italian Administration. (c) For articles bought by the American Government for defense or other aid purposes, there will be applied the reimbursements of duties foreseen by existing customs law."

We hereby express our agreement to the above Note and Annex.

Please accept Excellency assurances of my highest consideration.

James Clement DUNN
American Ambassador

Rome, Italy, March 5, 1952
His Excellency Minister Ezio Vanoni
Minister of Finance