

No. 2393

**UNITED STATES OF AMERICA
and
FRANCE**

**Exchange of notes (with annexed memorandum) constituting
an agreement relating to relief from taxation on defense
expenditures. Paris, 13 June 1952**

D. indefinite

Official texts: English and French.

Registered by the United States of America on 28 November 1953.

**ÉTATS-UNIS D'AMÉRIQUE
et
FRANCE**

**Échange de notes (avec mémorandum en annexe) constituant
un accord relatif à l'exonération fiscale des dépenses
faites dans l'intérêt de la défense. Paris, 13 juin 1952**

Textes officiels anglais et français.

Enregistré par les États-Unis d'Amérique le 28 novembre 1953.

N^o 2393. ÉCHANGE DE NOTES CONSTITUANT UN ACCORD¹ ENTRE LES ÉTATS-UNIS D'AMÉRIQUE ET LA FRANCE RELATIF À L'EXONÉRATION FISCALE DES DÉPENSES FAITES DANS L'INTÉRÊT DE LA DÉFENSE. PARIS, 13 JUIN 1952

No. 2393. EXCHANGE OF NOTES CONSTITUTING AN AGREEMENT¹ BETWEEN THE UNITED STATES OF AMERICA AND FRANCE RELATING TO RELIEF FROM TAXATION ON DEFENSE EXPENDITURES. PARIS, 13 JUNE 1952

I

Le Ministre des affaires étrangères de France à l'Ambassadeur des États-Unis d'Amérique

Liberté . Égalité . Fraternité
RÉPUBLIQUE FRANÇAISE
MINISTÈRE DES AFFAIRES ÉTRANGÈRES

Paris, le 13 juin 1952

Monsieur l'Ambassadeur,

J'ai l'honneur de me référer à l'échange de lettres² auquel il a été procédé, le 13 mars 1952, entre M. Philip W. Bonsad, Ministre plénipotentiaire, Chargé d'Affaires des États-Unis, et moi-même, au sujet du régime fiscal des dépenses faites en France par le Gouvernement des États-Unis dans l'intérêt de la défense commune.

Dans ma lettre du 13 mars, j'indiquais que « en ce qui concerne les dépenses du Gouvernement des États-Unis en France qui sont soumises à des impôts sur les prestations de services, le Gouvernement français accordera l'exonération de la taxe sur les prestations de services, de la taxe sur les transactions et de la taxe locale, sous réserve que les pouvoirs nécessaires lui soient donnés... En attendant, un régime provisoire sera appliqué aux contrats au titre desquels le Gouvernement des États-Unis fait des dépenses dont certains éléments sont assujettis aux impôts sur les prestations de services ».

Les pouvoirs nécessaires ayant été donnés au Gouvernement français par l'article 73 de la loi de finances du 14 avril 1952, l'exonération des impôts frappant les prestations de services peut maintenant être accordée de façon définitive au

¹ Entré en vigueur le 13 juin 1952, par l'échange desdites notes.

² Nations Unies, *Recueil des Traités*, vol. 177, p. 22.

¹ Came into force on 13 June 1952 by the exchange of the said notes.

Gouvernement des États-Unis, et il n'y a plus lieu d'appliquer le régime provisoire qui avait été institué en attendant ces pouvoirs.

Des représentants de nos deux Gouvernements ont donc procédé à la revision du mémorandum d'accord du 13 mars 1952 de façon à incorporer, dans ce mémorandum, les arrangements définitifs en vertu desquels sera accordée l'exonération des impôts sur les prestations de services applicables aux dépenses faites en France par le Gouvernement des États-Unis dans l'intérêt de la défense commune. Le texte du mémorandum d'accord ainsi amendé, qui est joint en annexe au présent échange de lettres, constitue donc l'accord définitif envisagé par l'échange de lettres du 13 mars 1952, que le présent échange de lettres annule et remplace.

Les ajustements prévus par le paragraphe 2 c) de ma lettre du 13 mars 1952 pourront donc être effectués de telle sorte que les exonérations accordées s'appliquent rétroactivement pour leur montant définitif à partir des dates convenues.

J'ai l'honneur de vous confirmer l'accord du Gouvernement français sur les dispositions qui précèdent.

Veuillez agréer, Monsieur l'Ambassadeur, les assurances de ma très haute considération.

SCHUMAN

Son Excellence Monsieur J. Cl. Dunn
Ambassadeur des États-Unis
à Paris

[TRANSLATION — TRADUCTION]

The French Minister of Foreign Affairs to the American Ambassador

MINISTRY OF FOREIGN AFFAIRS

Paris, 13 June 1952

Excellency,

[See note II]

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

SCHUMAN

His Excellency Mr. J. Cl. Dunn
Ambassador of the United States of America
Paris

II

The American Ambassador to the French Minister of Foreign Affairs

THE FOREIGN SERVICE OF THE UNITED STATES OF AMERICA

Paris, June 13, 1952

Excellency :

I have the honor to acknowledge receipt of your letter of June 13, 1952 on the subject of taxation as it concerns expenditures made in France by the Government of the United States in the interests of the common defense. The English text of this letter, as agreed by the representatives of our two Governments, reads as follows:

“ I have the honor to refer to the exchange of letters¹ which took place on March 13, 1952 between Mr. Philip W. Bonsal, Minister Plenipotentiary and Chargé d’Affaires of the American Embassy, and myself on the subject of taxation as it concerns expenditures made in France by the Government of the United States in the interests of the common defense.

“In my letter of March 13 I indicated that ‘with respect to the expenditures of the Government of the United States in France which are affected by taxes on services, the French Government will grant relief from the services tax (la taxe sur les prestations de services), the national transactions tax on services, and the local tax provided that the necessary authority is obtained... In the meantime certain interim arrangements will be put into effect with respect to contracts in connection with which the Government of the United States makes expenditures and in which taxes on services constitute an element of cost.’

“Since the necessary authority has been given to the French Government under Article 73 of the Finance Law of April 14, 1952, I have the honor to inform you that definitive relief from taxes on services may now be granted to the Government of the United States and that there is no longer any need to apply the interim arrangements which were put into effect for the period prior to the granting of these powers.

“Representatives of our two Governments have proceeded to a revision of the Memorandum of Agreement of March 13, 1952 in order to incorporate into that Memorandum the definitive arrangements for granting relief from taxes on services to the expenditures made in France by the Government of the United States in the interests of the common defense. The text of the Memorandum of Agreement, as amended, which is annexed to the present exchange of letters, thus constitutes the definitive agreement envisaged by the exchange of letters of March 13, 1952, which the present exchange of letters supersedes and replaces.

¹ United Nations, *Treaty Series*, Vol. 177, p. 27.

“The adjustments referred to in paragraph 2 (c) of my letter of March 13, 1952 may therefore be made so that the relief granted will be applied in its definitive amount retroactively from the dates agreed upon.”

I have the honor to confirm to you the agreement of the Government of the United States to the foregoing provisions.

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

James Clement DUNN

Enclosure :

Memorandum of Agreement of June 13, 1952, between the Government of the United States of America and the Government of the French Republic relating to Tax Relief for Expenditures Made in France by the Government of the United States in the Interests of the Common Defense.

His Excellency Robert Schuman
Minister of Foreign Affairs of France

[TRADUCTION — TRANSLATION]

*L'Ambassadeur des États-Unis d'Amérique au Ministre des affaires étrangères
de France*

SERVICE DIPLOMATIQUE DES ÉTATS-UNIS D'AMÉRIQUE

Paris, le 13 juin 1952

Monsieur le Ministre,

J'ai l'honneur d'accuser réception de votre lettre du 13 juin 1952 relative au régime fiscal des dépenses faites en France par le Gouvernement des États-Unis dans l'intérêt de la défense commune. Le texte anglais de cette lettre, tel qu'il a été arrêté par les représentants de nos deux Gouvernements, se lit comme suit :

[Voir note I]

J'ai l'honneur de vous confirmer l'accord du Gouvernement des États-Unis sur les dispositions qui précèdent.

Veuillez agréer, etc.

James Clement DUNN

Pièce jointe :

Mémorandum d'accord en date du 13 juin 1952 entre le Gouvernement des États-Unis d'Amérique et le Gouvernement de la République française comportant exonération fiscale pour les dépenses faites en France par le Gouvernement des États-Unis dans l'intérêt de la défense commune.

Son Excellence Monsieur Robert Schuman
Ministre des affaires étrangères de France

MEMORANDUM OF AGREEMENT BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF THE FRENCH REPUBLIC RELATING TO TAX RELIEF FOR EXPENDITURES MADE IN FRANCE BY THE GOVERNMENT OF THE UNITED STATES IN THE INTERESTS OF THE COMMON DEFENSE

1. The French Government agrees to relieve from taxes, under the conditions set forth in the present memorandum, the expenditures made in France by the Government of the United States defined in paragraphs 2 and 6 below.

A. PROCUREMENT OF GOODS

2. The present memorandum will apply to expenditures made in the interests of the common defense (including those made in connection with the foreign aid programs of the Government of the United States) for the acquisition of articles, supplies, equipment and materials, whether used as acquired or processed or incorporated into construction, and whether exported or used in France for the needs of the United States forces, or other Allied forces.

3. The tax relief covering the expenditures defined in paragraph 2 will relate to the following taxes :

a) The production tax for the full amount to which it affects such expenditures.

b) The transactions tax in the amount invoiced by the supplier or contractor with respect to such expenditures. The French Government is, moreover, prepared to grant to the Government of the United States the benefit of any additional exemptions applicable to this tax which may be permitted by French legislation for exports.

c) The local tax (additional to the transactions tax) in so far as applicable to the expenditures described in paragraph 2 above.

d) The registration tax on contracts.

4. With respect to customs duties, all goods belonging to the Government of the United States and imported into France by that Government in the interests of the common defense will continue to be free of duties and taxes on imports.

5. The system for suspension of customs duties affecting certain imports destined to be re-exported after processing in France will be applied to imports of the same products when intended for procurement by the Government of the United States or for incorporation into articles for which that Government, either directly or through the French Government, makes expenditures in France of the type covered by this memorandum, whether such products are actually re-exported or not. Moreover, the French Government is prepared, whenever requested by the Government of the United States, to examine the possibility of applying this system to other categories of articles for which it is not then in effect.

The word "duties" means customs duties and all other duties and taxes payable on importation or exportation, as the case may be, with the exception of charges for services rendered.

B. PROCUREMENT OF SERVICES

6. The present memorandum will also apply to expenditures made in the interests of the common defense for the construction of infra-structure facilities and for the procurement of services.

7. The tax relief covering the expenditures defined in paragraph 6 will relate to the following taxes for the amount invoiced by the contractor or contractors with respect to such expenditures :

- a) The tax on services.
- b) The transactions tax.
- c) The local tax (additional to the transactions tax).
- d) The registration tax on contracts.

C. COMMON PROVISIONS

8. The procedures according to which the Government of the United States will benefit from the tax relief provided by the present memorandum will be established by agreement between the interested governmental agencies. The following procedures are now agreed :

a) With regard to the expenditures made in France under contracts concluded and financed through the French Government, the Government of the United States will reimburse to the French Government the amount of the prices stipulated in these contracts less a sum representing the amount of the taxes and duties specified in paragraphs 3, 4 and 7 above which would be included in those prices.

b) With regard to the expenditures made in France by the Government of the United States under contracts made and financed directly by the Government of the United States, the latter will deliver a notification of all such contracts to the French Government. This notification will certify that the articles or services covered by these contracts are within the purpose of the present memorandum and will indicate all the elements making it possible to determine the sum representing the amount of the taxes and duties specified in paragraphs 3, 4 and 7 above which would be included in the price.

9. The tax relief provided by the present memorandum will be applicable to payments of the United States Government directly to private contractors only where payment is made by check, rather than in cash, and where there is a formal contract concluded by a "Contracting and Purchasing Officer" or other official duly designated for the purpose of concluding contracts by the Government of the United States.

10. Disposals in France to individuals or to private concerns by the Government of the United States of articles acquired under the conditions of tax relief set forth in the present memorandum or of installations in which such articles have been incorporated will be effected only after agreement of the two Governments on the terms of such disposals.

11. a) The relief accorded under the present memorandum will apply to all payments of the Government of the United States made after March 13, 1952, including

those contributions requested from the Government of the United States prior to that date as part of its share of the cost of multilaterally financed infrastructure facilities.

b) The tax exemptions provided by the present memorandum will be in addition to those already granted under any arrangements now in effect, and under the provisions of the Status of Forces Agreement signed in London on June 19, 1951.

c) Goods actually exported from France on behalf of the Government of the United States will continue to enjoy any benefits which may be in force with respect to exports.

12. With respect to any taxes for which relief is not expressly granted in the present memorandum and which might be found to be applicable to expenditures of the character referred to in paragraphs 2 and 6 above, the two Governments will consult with a view to arriving at mutually satisfactory arrangements consistent with the spirit of the present memorandum.

13. The laws of France and of its dependent territories with regard to social security and other contributions related to the employment of individuals are not affected by the present memorandum.

14. As used in the present memorandum, "France" means the Metropolitan territory of the French Republic and the Overseas Departments to which the financial laws of France are automatically applicable. The French Government will facilitate as far as possible the extension of the present memorandum to other territories of the French Union and other areas for which it has assumed international responsibility.

15. Any problems which may occur in connection with the interpretation of the present memorandum will be the subject of discussion between the two Governments.
Paris, June 13, 1952
