

No. 2671

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**UNITED STATES OF AMERICA  
and  
JAPAN**

**Exchange of notes constituting an agreement relating to relief from taxation on defense expenditures. Tokyo, 14 and 25 July 1952**

*Official text: English.*

*Registered by the United States of America on 15 September 1954.*

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**ÉTATS-UNIS D'AMÉRIQUE  
et  
JAPON**

**Échange de notes constituant un accord relatif aux exemptions fiscales applicables aux dépenses pour la défense. Tokyo, 14 et 25 juillet 1952**

*Texte officiel anglais.*

*Enregistré par les États-Unis d'Amérique le 15 septembre 1954.*

No. 2671. EXCHANGE OF NOTES CONSTITUTING AN AGREEMENT<sup>1</sup> BETWEEN THE UNITED STATES OF AMERICA AND JAPAN RELATING TO RELIEF FROM TAXATION ON DEFENSE EXPENDITURES. TOKYO, 14 AND 25 JULY 1952

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I

*The American Ambassador to the Japanese Minister for Foreign Affairs*

THE FOREIGN SERVICE OF  
THE UNITED STATES OF AMERICA

No. 81

American Embassy, Tokyo  
July 14, 1952

Excellency :

I have the honor to refer to the subject of taxation by Japan in so far as it may affect expenditures by the United States for materials, supplies, equipment and services for use in programs of the United States intended to strengthen countries of the free world. It is requested that your Government grant assurances that expenditures by the United States for materials, supplies, equipment and services for use in programs of the United States intended to strengthen the countries of the free world will be relieved from commodity and gasoline taxes and such other Japanese taxes not specifically referred to in this paragraph which may be found to constitute a significant and readily identifiable part of the gross purchase price.

It is understood that, except as such disposal may be authorized by the Japanese and United States authorities in accordance with mutually agreed conditions, goods procured by the United States in Japan exempt from the taxes referred to in this agreement shall not be disposed of in Japan to persons not entitled to purchase such goods exempt from such taxes.

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

Robert MURPHY

His Excellency Katsuo Okazaki  
Minister for Foreign Affairs  
Tokyo

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<sup>1</sup> Came into force on 25 July 1952, by the exchange of the said notes.

## II

*The Japanese Minister for Foreign Affairs to the American Ambassador*

THE GAIMUSHO

No. 456/E1

Tokyo, July 25, 1952

Monsieur l'Ambassadeur,

I have the honour to acknowledge the receipt of your Note No. 81 dated July 14, 1952 in which you refer to the subject of taxation by Japan in so far as it may affect expenditures by the United States for materials, supplies, equipment and services for use in programs of the United States intended to strengthen the countries of the free world.

It is a pleasure for me to state that the Japanese Government is ready to cooperate with your Government in this matter. In this connection I wish to request that such expenditures be effected in coordination with, and, when desirable, through or with the assistance of, the competent Japanese authorities.

It is my understanding that a part of the tax relief referred to in your Note is in accordance with the terms provided for in the Administrative Agreement<sup>1</sup> under Article III of the Security Treaty<sup>2</sup> between the United States of America and Japan, and that the remaining portion consists of equipment and materials not covered by this agreement. The former will be exempted from taxes in accordance with the Administrative Agreement<sup>1</sup> while the latter will be exempted from taxes, including the commodity and gasoline taxes, in accordance with Japanese laws pertaining to export commodities.

The Japanese Government fully intends to continue the existing legislation covering tax exemption for exports.

It is hoped that the above provisions will meet the requirements specified in your Note. However, if there are cases not fully covered by such provisions, it is suggested that the two Governments, acting in concert, seek appropriate measures to accomplish the objectives of this understanding.

I avail myself of this opportunity to renew to Your Excellency, Monsieur l'Ambassadeur, the assurance of my highest consideration.

K. OKAZAKI  
Minister for Foreign Affairs

His Excellency Robert D. Murphy  
Ambassador Extraordinary and Plenipotentiary of the United States of America  
Tokyo

<sup>1</sup> United States of America: Treaties and Other International Acts Series 2492.

<sup>2</sup> United Nations, *Treaty Series*, Vol. 136, p. 211.