

No. 3018

**UNITED STATES OF AMERICA
and
YUGOSLAVIA**

**Exchange of notes constituting an agreement relating to
tax relief for offshore procurement and other foreign
aid programs. Belgrade, 23 July 1953**

Official text: English.

Registered by the United States of America on 30 November 1955.

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

**Échange de notes constituant un accord relatif à l'exonéra-
tion fiscale des commandes *offshore* et d'autres pro-
grammes d'aide à l'étranger. Belgrade, 23 juillet 1953**

Texte officiel anglais.

Enregistré par les États-Unis d'Amérique le 30 novembre 1955.

No. 3018. EXCHANGE OF NOTES CONSTITUTING AN AGREEMENT¹ BETWEEN THE UNITED STATES OF AMERICA AND YUGOSLAVIA RELATING TO TAX RELIEF FOR OFFSHORE PROCUREMENT AND OTHER FOREIGN AID PROGRAMS. BELGRADE, 23 JULY 1953

I

The Yugoslav Counsellor of State for Foreign Affairs to the United States Counselor of Embassy for Economic Affairs

E. No. 2384

Beograd, July 23, 1953

Dear Sir,

With reference to discussions regarding tax relief in connection with off-shore procurement by or on behalf of the Government of the United States of America in the Federal People's Republic of Yugoslavia, I have the honour to propose to you, on behalf of the Yugoslav Government, the following agreement:

“ Discussions have recently been held between the Government of the Federal People's Republic of Yugoslavia and the Government of the United States of America on the subject of Yugoslav taxation of expenditures by or on behalf of the United States for individual and collective self-defense, including the OSP program and any foreign aid programs of the United States of America. These discussions have resulted in the following agreement:

“ The Government of the Federal People's Republic of Yugoslavia agrees with the principle that tax relief should be accorded to any such expenditures for facilities, equipment, materials or services.

“ The Government of the Federal People's Republic of Yugoslavia therefore agrees that tax relief will be granted to all such expenditures and will apply to:

“ *a.* import and export duties or taxes and co-efficients on all imported articles or components used in the production of articles, whether they are or are not retained in Yugoslavia or are exported;

¹ Came into force on 23 July 1953 by the exchange of the said notes.

“ *b.* turn-over taxes at all stages of production;

“ *c.* that portion of the accumulation and funds at each successive stage of production which is over and above social security contributions and profits retained by the producing enterprise;

“ *d.* any additional taxes which negotiations subsequently develop as applicable to the expenditures for which relief should be accorded;

“ to the extent that all or any of these taxes are applicable to the expenditures involved.

“ With respect to any Yugoslav taxes not specifically referred to in this Agreement which might be applicable to United States expenditures in the categories embraced in this Agreement, the two Governments will discuss procedures for relief consistent with the principle of tax relief contained in this Agreement.

“ The relief to be accorded hereunder is applicable to all expenditures subsequent to the date of this Agreement. ”

Would you kindly inform me whether the Government of the United States of America concurs in the foregoing.

Accept, Sir, the assurance of my highest consideration.

Sincerely yours,

Stanislav KOPČOK
Counsellor of State for Foreign Affairs
Secretariat of State for Foreign Affairs

Mr. James S. Killen
Counsellor for Economic Affairs
Embassy of the USA
Beograd

II

*The United States Counsellor of Embassy for Economic Affairs to the Yugoslav
Counsellor of State for Foreign Affairs*

THE FOREIGN SERVICE OF THE UNITED STATES OF AMERICA
AMERICAN EMBASSY

Belgrade, July 23, 1953

Dear Sir:

This will acknowledge the receipt of your letter of July 23, 1953 the text of which reads as follows:

[See note I]

I have the honour to inform you, on behalf of the Government of the United States of America, of my concurrence with the above letter, and that your letter together with the present reply shall constitute an Agreement between our two Governments.

Accept, Sir, the assurances of my highest consideration.

Sincerely yours,

James S. KILLEN
Counsellor of Embassy for Economic Affairs

Mr. Stanislav Kopčok
Counsellor of State for Foreign Affairs
Secretariat of State for Foreign Affairs
Belgrade