

No. 2765

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**UNITED STATES OF AMERICA  
and  
BELGIUM**

**Exchange of notes (with annexed memorandum dated 14 March 1952) constituting an agreement relating to relief from taxation on defense expenditures. Brussels, 18 March and 7 April 1952**

*Official texts ; English and French.*

*Registered by the United States of America on 1 March 1955.*

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

**Échange de notes constituant un accord relatif aux exemptions fiscales applicables aux dépenses effectuées aux fins de la défense nationale (avec, en annexe, un mémorandum en date du 14 mars 1952). Bruxelles, 18 mars et 7 avril 1952**

*Textes officiels anglais et français.*

*Enregistré par les États-Unis d'Amérique le 1<sup>er</sup> mars 1955.*

No. 2765. EXCHANGE OF NOTES CONSTITUTING AN AGREEMENT<sup>1</sup> BETWEEN THE UNITED STATES OF AMERICA AND BELGIUM RELATING TO RELIEF FROM TAXATION ON DEFENSE EXPENDITURES. BRUSSELS, 18 MARCH AND 7 APRIL 1952

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I

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

No. 2264

Excellency :

I have the honor to refer to the Embassy's note No. 1886, of November 19, 1951, and to the reply from the Ministry of Foreign Affairs No. AT/51/D/1535, dated December 4, 1951,<sup>2</sup> on the subject of tax relief for United States expenditures in Belgium for the common defense.

Transmitted herewith is the text of a "Memorandum on Relief from Taxes and Duties", which has been agreed upon in the course of conversations between representatives of our two Governments.

I would appreciate your confirming that the attached text, and the undertakings contained therein, represent the conclusions arrived at in these conversations, and that your Government is in agreement therewith.

Accept, Excellency, the assurances of my highest consideration.

Robert MURPHY

His Excellency Paul van Zeeland  
Minister for Foreign Affairs  
Brussels  
March 18, 1952

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<sup>1</sup> Came into force on 7 April 1952 by the exchange of the said notes.

<sup>2</sup> Not printed by the Department of State of the United States of America.

## MEMORANDUM ON RELIEF FROM TAXES AND DUTIES

March 14, 1952

Discussions have recently taken place between the Governments of Belgium and the United States of America relating to fiscal arrangements applicable to expenditures in Belgium by the Government of the United States for equipment, materials, facilities and services for the common defense effort, including expenditures for any foreign aid program of the United States. The Government of Belgium agrees with the principle that relief from taxes and duties will be accorded to the above expenditures and, in conformity with that principle, the Governments of the United States and Belgium have reached agreement on the following points :

1. The expenditures described in the preceding paragraph will be relieved from the following taxes and duties :

*a.* Taxes and duties (including the transmission tax) payable on importation of articles, or of materials or components used in the production of articles, purchased by means of such expenditures.

*b.* Transmission and invoice taxes

(i) on the sale by Belgian dealers and suppliers of articles purchased by means of such expenditures, and

(ii) on sales to such Belgian dealers and suppliers, of articles, or of components or materials used in the production of articles, where the articles are subsequently purchased by means of such expenditures,

provided that relief from these taxes described in this paragraph *b* shall not extend to articles, such as food, beverages, and tobacco, which are purchased for human consumption in Belgium.

*c.* Export taxes.

2. With regard to such expenditures made under contracts for the purchase of articles concluded directly by the Government of the United States with Belgian suppliers and paid directly by the Government of the United States to such suppliers, the tax relief accorded under this Memorandum shall be provided in such manner that payments by the Government of the United States under such contracts shall be net of the taxes specified in paragraph 1 above. This relief will be made available by means of authorizations delivered by the Belgian fiscal authorities to the dealers and suppliers, and under the conditions set forth in these authorizations.

In exceptional cases where, as a result of special circumstances, these authorizations were not requested prior to the purchase of the articles under such contracts, the Belgian Government will return, in so far as permitted by Belgian law and in accordance with methods to be established, the transmission and invoice taxes, including transmission taxes on imports, which have been paid.

3. The Belgian Government will accord relief to the United States Government from the tax on works contracts, the transport tax, and the taxes and duties described in paragraph 1 above affecting expenditures of the United States for infrastructure

facilities in Belgium. This relief shall be provided in such manner that expenditures by the Government of the United States for infrastructure facilities in Belgium, whether such facilities are financed directly by the Government of the United States or through the Belgian Government, shall be net of all taxes and duties.

With respect to infrastructure facilities financed through the Belgian Government, each reimbursement made by the Government of the United States to the Belgian Government for the cost of such infrastructure shall be reduced by a percentage, to be mutually agreed, representing the amount of taxes and duties from which relief is accorded under the terms of this Memorandum. From time to time, at the request of either Government, a review will be made to determine whether this percentage is an accurate representation of these taxes and duties, and, if not, adjustment will be made in the amounts already paid by the Government of the United States and in the percentage to be withheld in connection with future payments by the Government of the United States.

The method of according relief from the agreed taxes and duties affecting infrastructure financed directly by the Government of the United States will be agreed between the two Governments when the occasion arises.

4. The tax relief covered by this Memorandum will not extend to small expenditures where there is no 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.

5. With respect to excise taxes and any other Belgian taxes from which relief is not provided by this Memorandum which may be found to be applicable to expenditures described above, and with respect to any expenditures of the Government of the United States of types not referred to in this Memorandum, the two Governments will discuss whether relief from such taxes, or inclusion of such expenditures, would be consistent with the principles underlying this Memorandum. If so, the two Governments will undertake to establish procedures for providing for the Government of the United States appropriate relief similar to that outlined in this Memorandum.

6. In any case where taxes or duties, to an extent mutually agreed to be significant, affect expenditures of the type covered by this Memorandum, made by the Government of the United States in a Belgian dependent overseas territory, the Belgian Government, taking into account its international obligations, will consult with the Government of the United States regarding the possibility of relieving the expenditures in question from such taxes and duties.

This Agreement does not 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.

7. This Memorandum is not intended to affect tax relief provided by the Government of Belgium in accordance with existing arrangements and agreements, such as the Mutual Defense Assistance Agreement of January 27, 1950,<sup>1</sup> nor is it intended that the

<sup>1</sup> United Nations, *Treaty Series*, Vol. 51, p. 213.

Agreement signed in London on June 19, 1951,<sup>1</sup> on the status of NATO forces should affect the understandings contained in this Memorandum.

8. The laws of Belgium and of its dependent territories with regard to social security and other contributions related to the employment of individuals are not affected by this Agreement.

9. The relief to be accorded hereunder is applicable to all expenditures of the types covered by this Memorandum made after the date of this Memorandum.

## II

[TRANSLATION<sup>2</sup> — TRADUCTION<sup>3</sup>]

*The Belgian Minister for Foreign Affairs to the American Chargé d'Affaires  
ad interim*

MINISTRY OF FOREIGN AFFAIRS AND FOREIGN COMMERCE  
GENERAL OFFICE OF POLICY

Division III  
Atlantic Treaty Section

No. AT/52/D/876

April 7, 1952

Mr. Chargé d'Affaires,

In his official communication No. 2264 of March 18, 1952, the Ambassador of the United States at Brussels transmitted to me a "Memorandum on relief for Taxes and Duties" of March 14 last.

I have the honor to inform you of the approval of the Belgian Government with respect to that document.

Accept, Mr. Chargé d'Affaires, the assurances of my most distinguished consideration.

P. VAN ZEELAND

Mr. Hugh Millard  
Chargé d'Affaires ad interim of the  
Embassy of the United States of America  
Brussels

<sup>1</sup> United Nations, *Treaty Series*, Vol. 199, p. 67, and Vol. 200, p. 346.

<sup>2</sup> Translation by the Government of the United States of America.

<sup>3</sup> Traduction du Gouvernement des États-Unis d'Amérique.

## III

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

No. 2265

Excellency :

I have the honor to refer to my note No. 2264 to you, of today's date, transmitting a "Memorandum on Relief from Taxes and Duties."

The Memorandum does not deal with the question of the currency in which United States expenditures in Belgium for the common defense shall be made. For the immediate future, it is expected that such expenditures will be in United States dollars. At some date in the future, however, the United States Government may wish to consult with the Belgian Government in an appropriate forum concerning the possibility of making other financial arrangements for such expenditures, if the United States Government considers that such other arrangements will advance the cause of the common defense which such expenditures are designed to promote. It is understood that no arrangements involving payment of United States expenditures in Belgium of the types to which the Memorandum applies in currencies other than United States dollars (or Belgian francs purchased from Belgium with United States dollars) will be instituted without the prior agreement of the Belgian Government. It is further understood that if the Belgian Government approves such other financial arrangements and they are instituted by the United States Government, the provisions of the Memorandum will apply to United States expenditures in Belgium financed by such other arrangements.

Accept, Excellency, the assurances of my highest consideration.

Robert MURPHY

His Excellency Paul van Zeeland  
Minister for Foreign Affairs  
Brussels  
March 18, 1952

## IV

[TRANSLATION<sup>1</sup> — TRADUCTION<sup>2</sup>]

*The Belgian Minister for Foreign Affairs to the American Chargé d'Affaires  
ad interim*

MINISTRY OF FOREIGN AFFAIRS AND FOREIGN COMMERCE  
GENERAL OFFICE OF POLICY

Division III  
Atlantic Treaty Section

No. AT/52/D/874

Brussels, April 7, 1952

Mr. Chargé d'Affaires,

On March 18 last, the Ambassador of the United States transmitted to me, in his official communication No. 2265, a letter relating to his official communication No. 2264 regarding the Memorandum "on relief for taxes and duties."

Referring to the two aforementioned documents concerning exemptions from taxes and duties on the expenditures which the United States will make in Belgium for the common defense, the Belgian Government considers it necessary to specify that, unless there is a substantial reduction in Belgium's deficit with respect to the dollar area and in Belgium's claim against the countries of the European Payments Union, it will not be possible for it to give its approval with respect to supplies for which it would not receive payment in United States dollars or in Belgian francs acquired in exchange for dollars at the National Bank of Belgium.

Accept, Mr. Chargé d'Affaires, the assurances of my most distinguished consideration.

P. VAN ZEELAND

Mr. Hugh Millard  
Chargé d'Affaires of the Embassy  
of the United States of America  
Brussels

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<sup>1</sup> Translation by the Government of the United States of America.

<sup>2</sup> Traduction du Gouvernement des États-Unis d'Amérique.