

No. 4985

**UNITED STATES OF AMERICA
and
FEDERATION OF MALAYA**

Exchange of notes constituting an agreement relating to the detail of tax experts for technical assistance and advice in connection with a project for technical improvement of the tax system in the Federation of Malaya. Kuala Lumpur, 19 and 22 May 1959

Official text: English.

Registered by the United States of America on 24 December 1959.

**ÉTATS-UNIS D'AMÉRIQUE
et
FÉDÉRATION DE MALAISIE**

Échange de notes constituant un accord relatif au détachement d'experts fiscaux chargés de fournir une assistance technique et des conseils en vue d'une amélioration technique du régime fiscal de la Fédération de Malaisie. Kuala Lumpur, 19 et 22 mai 1959

Texte officiel anglais.

Enregistré par les États-Unis d'Amérique le 24 décembre 1959.

No. 4985. EXCHANGE OF NOTES CONSTITUTING AN AGREEMENT¹ BETWEEN THE UNITED STATES OF AMERICA AND THE FEDERATION OF MALAYA RELATING TO THE DETAIL OF TAX EXPERTS FOR TECHNICAL ASSISTANCE AND ADVICE IN CONNECTION WITH A PROJECT FOR TECHNICAL IMPROVEMENT OF THE TAX SYSTEM IN THE FEDERATION OF MALAYA. KUALA LUMPUR, 19 AND 22 MAY 1959

I

The American Embassy to the Malayan Ministry of External Affairs

No. 263

The Embassy of the United States of America has the honor to refer to recent conversations between representatives of the Government of the United States of America and the Government of the Federation of Malaya concerning the desire of the Government of the Federation of Malaya to obtain certain technical assistance and advice in connection with a project for technical improvement of the tax system in the Federation of Malaya. The Embassy is pleased to inform the Ministry of External Affairs that, in accordance with its request, the Government of the United States of America is prepared to furnish the services of not to exceed two tax experts to the Government of the Federation of Malaya in accordance with the following understandings :

1. The Government of the United States of America, through the International Cooperation Administration (hereinafter called the Administration), subject to applicable laws and regulations of the United States of America, will furnish to the Government of the Federation of Malaya for a period of not to exceed one year the services of not to exceed two American tax experts acceptable to the Government of the Federation of Malaya. These experts shall (a) inquire into the present system of taxation of profits and income as applied in the Federation of Malaya Income Tax Ordinance, 1947; (b) consider the best way of raising by a tax on income the revenue from this source required by the Government of the Federation of Malaya, due regard being paid to the need for a tax which will not be open to widespread evasion; (c) investigate the extent of evasion of income tax and to consider whether the existing provisions of the Income Tax Ordinance of the Federation of Malaya are adequate for combatting such evasion; and (d) furnish, upon conclusion of their assignment, a report on the results of the inquiry and investigation to the Government of the Federation of Malaya. It is understood that additional arrangements with respect to this project, including arrangements for extension of the

¹ Came into force on 22 May 1959 by the exchange of the said notes.

period of services of the experts, may be made between representatives of the Administration and representatives of the Ministry or Agency of the Federation of Malaya directly participating in the project.

2. The Government of the Federation of Malaya shall provide full cooperation and furnish necessary facilities to the experts in order to enable them to carry out their work, and shall ensure that during the period of their assignment in the Federation of Malaya the experts shall be exempt from (a) all provisions of the Federation of Malaya Income Tax Ordinance, 1947, in respect of their official emoluments; (b) customs duty on all personal and household effects (not including liquors, tobacco, or other consumable goods), whether accompanied or not on first arrival, which are imported for the use of themselves and their dependents, and on any equipment brought with them or subsequently imported; and (c) *ad valorem* registration fee in respect of a new motor vehicle.

3. For the purpose of carrying out the project the Administration will make available not to exceed US\$30,000 to finance the US dollar costs of contracts for the procurement and furnishing of the services of the experts. The Government of the Federation of Malaya, as its share of the cost of the project, shall pay all costs of the aforementioned contracts payable in the currency of the Federation of Malaya and any other project costs payable in such currency. In addition, the Government of the Federation of Malaya shall (a) furnish the Government of the United States of America with full information concerning the project; (b) give the project appropriate publicity in the Federation of Malaya; (c) seek to the maximum extent possible full coordination and integration of any technical cooperation programs being carried on in the Federation of Malaya; (d) endeavor to make effective use of the results of the project; and (e) cooperate with other nations participating in such technical cooperation programs in the mutual exchange of technical knowledge and skills.

4. Upon substantial completion of the project and upon the request of either Government, a completion memorandum will be drawn up and signed by the Ambassador of the United States of America and by the duly designated representative of the Ministry or Agency of the Federation of Malaya directly participating in the project, or by other representatives designated by the two Governments. Such memorandum will provide a record of the work done on the project, the objectives sought to be achieved, the expenditures made, the problems encountered and solved, and related basic data.

5. The two Governments will, upon request of either of them, consult regarding any matter relating to this Agreement.

The Embassy of the United States of America proposes that, if these understandings are acceptable to the Government of the Federation of Malaya, this note and the note of the Ministry of External Affairs of the Federation of Malaya

in reply concurring therein shall be considered as constituting an Agreement between the two Governments which shall enter into force on the date of the Ministry's note, and shall continue in force until thirty days after the receipt by either Government of the written notification of the intention of the other Government to terminate the Agreement.

H. M. B., Jr.

Embassy of the United States of America
Kuala Lumpur, May 19, 1959

II

The Malayan Ministry of External Affairs to the American Embassy

SR(480)251/22/3

The Ministry of External Affairs, Federation of Malaya, presents its compliments to the Embassy of the United States of America and has the honour to acknowledge the Embassy's Note No. 263 dated 19th May, 1959, on the subject of request for technical assistance and advice in the project of technical improvement of the tax system in the Federation of Malaya.

This Ministry confirms the understandings in accordance with which the Government of the United States of America is prepared to furnish the services of not to exceed two tax experts to the Government of the Federation of Malaya as follows :

[*See note I*]

It is agreed that the Embassy's Note above referred to and this reply shall be considered as constituting an Agreement between the Governments of the Federation of Malaya and of the United States of America which shall enter into force on the date of this Note and shall continue in force until 30 days after the receipt by either Government and the written notification of the intention of the other Government to terminate the Agreement.

The Ministry of External Affairs avails itself of this opportunity to renew to the Embassy of the United States of America the assurances of its highest consideration.

(*Initialed*) [illegible]
[SEAL]

Ministry of External Affairs
Kuala Lumpur, 22nd May, 1959