

**No. 9762**

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**UNITED STATES OF AMERICA  
and  
REPUBLIC OF VIET-NAM**

**Exchange of notes constituting an agreement regarding  
income tax administration. Saigon, 31 March and  
3 May 1967**

*Authentic text: English.*

*Registered by the United States of America on 6 August 1969.*

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**ÉTATS-UNIS D'AMÉRIQUE  
et  
RÉPUBLIQUE DU VIET-NAM**

**Échange de notes constituant un accord relatif à l'admini-  
stration de l'impôt sur le revenu. Saigon, 31 mars et  
3 mai 1967**

*Texte authentique: anglais.*

*Enregistré par les États-Unis d'Amérique le 6 août 1969.*

EXCHANGE OF NOTES CONSTITUTING AN AGREEMENT<sup>1</sup>  
BETWEEN THE UNITED STATES OF AMERICA AND  
VIET-NAM REGARDING INCOME TAX ADMINISTRATION

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I

*The American Ambassador to the Vietnamese Minister of Foreign  
Affairs*

EMBASSY OF THE UNITED STATES OF AMERICA

No. 218

Saigon, March 31, 1967

Excellency :

I have the honor to refer to recent discussions between representatives of the Government of the United States of America and representatives of the Government of the Republic of Viet-Nam concerning income tax administration and to propose an agreement between our two Governments on this subject, as set forth below :

AGREEMENT BETWEEN THE GOVERNMENT OF THE REPUBLIC OF  
VIET-NAM AND THE GOVERNMENT OF THE UNITED STATES OF  
AMERICA REGARDING GOVERNMENT OF VIET-NAM INCOME TAX  
ADMINISTRATION AFFECTING LIABLE UNITED STATES GOVERN-  
MENT EMPLOYEES IN THE REPUBLIC OF VIET-NAM

1. The Government of Viet-Nam and the United States Government recognize the following :

(a) The common desire to achieve more effective tax administration in the Republic of Viet-Nam in order to increase Government of Viet-Nam capabilities for accomplishment of urgent national tasks;

(b) The personal responsibility of all citizens of a nation to meet their tax obligations to their own government;

(c) The Government of Viet-Nam requirement that all employers within the Republic of Viet-Nam withhold income tax payment from the compensation of their tax liable employees;

(d) The legal inapplicability of the Government of Viet-Nam tax withholding decree to foreign diplomatic missions, and the absence of authority under United States law for the United States Government compulsorily to withhold amounts

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<sup>1</sup> Came into force on 3 May 1967 by the exchange of the said notes.

from the compensation of its employees for settlement of tax obligations of those employees to the Government of Viet-Nam;

(e) The desire by the United States Government, within the limits of United States law, to cooperate fully in facilitating payment by its liable employees of their tax obligations to the Government of Viet-Nam.

2. Therefore, the Government of Viet-Nam and the United States Government agree to the following :

(a) The United States Government in the Republic of Viet-Nam will institute an allotment system under which those United States Government employees liable for Government of Viet-Nam income tax will be strongly urged to make bi-weekly allotments from their United States Government compensation to effect regular installment payments against their income tax obligation.

(b) Recognizing that such allotments of United States compensation must be voluntary, the United States Government will take every reasonable means to encourage its liable employees to meet their Government of Viet-Nam income tax obligations by such allotment system. The United States Government agencies, at the end of each bi-weekly period, will remit the total of such allotted amounts to the Government of Viet-Nam Directorate General of Taxation.

(c) The ultimate determination of such final income tax liability will be based on the annual tax return made by the individual United States Government employee direct to the Government of Viet-Nam. Settlement of additional tax payments, beyond the total of allotted installment payments, or refund of possible overpayments will be a matter between the individual employee/taxpayer and the Government of Viet-Nam. The United States Government will not authorize allotments of amounts in excess of those provided for in (2) (e) below and the United States Government shall not be liable for the payment of its employees' income tax in amounts beyond those voluntarily allotted by employees pursuant to this agreement.

(d) At the end of each calendar year, the United States Government agencies will :

- (1) Provide to each United States Government employee participating in the allotment system a statement in duplicate of the amount allotted from his pays and paid by the United States Government to the Government of Viet-Nam on his behalf. (The employee could submit one copy of such statement with his annual income tax return to the Government of Viet-Nam.)
- (2) Provide the Government of Viet-Nam Directorate General of Taxation a copy of each such statement described above, with a reconciliation against the total of bi-weekly payments of allotted amounts previously paid to the Government of Viet-Nam Directorate General of Taxation.

(e) This allotment system will be applicable to those employees of the United States Government who on the basis of their United States Government compensation appear liable for Government of Viet-Nam income tax, that is, to those employees

whose taxable compensation (excluding family allowances) exceeds their combined family and professional expense exemptions. Arrangements will be made for such employees to make allotments in an amount corresponding to that which would be called for under the laws and regulations of the Government of Viet-Nam with respect to current tax liability only.

(f) The agencies of the United States Government in Viet-Nam will institute the above described allotment system within sixty days from signature of this agreement.

(g) This agreement does not in any manner alter the privileges and immunities derived by the contracting parties and their officers and employees from generally accepted principles of international law and from treaties and agreements in force between them nor shall this agreement affect the tax exempt status of any person, including any corporation, or employee thereof, under contract to either the United States Government or the Government of Viet-Nam. This agreement shall not subject the United States Government, its department or establishments, or its officers or non-Vietnamese employees to any judicial or administrative action whether civil or penal in nature.

(h) Technical implementing procedures under this executive agreement may be entered into by representatives of the United States Government and the Government of Viet-Nam Directorate General of Taxation.

I shall appreciate receiving Your Excellency's confirmation of the above agreement.

Accept, Excellency, the renewed assurance of my highest consideration.

Henry Cabot LODGE

His Excellency Tran Van Do  
Minister of Foreign Affairs  
Saigon

## II

RÉPUBLIQUE DU VIÊTNAM  
MINISTÈRE DES AFFAIRES ÉTRANGÈRES

No. 1809/EF/NC

Saigon, May 03, 1967

Excellency

I have the honour to acknowledge receipt of Your Excellency's Note No. 218 dated March 31, 1967 reading as follows :

[See note I]

In reply, I have the honour to confirm, on behalf of the Government of the Republic of Viet-Nam, its acceptance of the above agreement.

Accept, Excellency, the renewed assurance of my highest consideration.

TRAN VAN DO  
Minister of Foreign Affairs  
Republic of Viet-Nam  
[SEAL]

His Excellency Mr. The Ambassador  
of the United States of America  
Saigon

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