

No. 18289

**FRANCE
and
MADAGASCAR**

**Exchange of letters constituting an agreement relating to
taxation of technical co-operation personnel. Paris,
23 March 1979**

Authentic text: French.

Registered by France on 15 February 1980.

**FRANCE
et
MADAGASCAR**

**Échange de lettres constituant un accord sur l'imposition
des personnels de coopération technique. Paris,
23 mars 1979**

Texte authentique : français.

Enregistré par la France le 15 février 1980.

[TRANSLATION — TRADUCTION]

EXCHANGE OF LETTERS CONSTITUTING AN AGREEMENT¹ BETWEEN FRANCE AND MADAGASCAR RELATING TO TAXATION OF TECHNICAL CO-OPERATION PERSONNEL

I

Paris, 23 March 1979

Sir,

Following the change which has taken place in the system of remuneration for French technical co-operation personnel, together with the introduction of new Malagasy tax legislation, I have the honour to propose for your approval the following provisions which replace, in so far as they concern officials to whom the new system of remuneration is applied, those contained in the exchange of letters of 4 June 1973² concerning the tax treatment of technical co-operation personnel.

In accordance with the provisions laid down by Malagasy tax legislation, French technical co-operation personnel are themselves required to calculate and pay the tax corresponding to the remuneration they have received in the course of a given month. Such personnel are also obliged to mention in their monthly declarations any back pay received and the period covered by such back pay.

The gross taxable amount consists each month of a sum equivalent to 100/256 of the total remuneration, including base pay, expatriation allowance, incentive bonus and family benefit for dependent children. Tax on salary and equivalent income is assessed on a net basis determined by deduction of the following from gross income:

- Non-taxable family allowances valued at 10,500 Malagasy francs per month for a married taxpayer and 6,250 Malagasy francs per month for each dependent child;
- Payments, withholdings, expenses and charges of any kind and social insurance borne by the official and allowed as deductions under Malagasy law.

To the net taxable income thus established there shall be added, according to the rules laid down by Malagasy law, the supplements to pay and allowances, not representing expenses, received by the person concerned in addition to the above items of remuneration.

Other income from Malagasy sources received by the official, his spouse or children treated as his dependants is taxed in accordance with Malagasy common law tax legislation, provided that the provisions of international conventions in force give the Democratic Republic of Madagascar the right to levy tax thereon.

In conformity with the provisions of the second paragraph of article 19 of annex 1 to the Convention on technical assistance, the Government of the French Republic will communicate to the Government of the Democratic Republic of Madagascar, before 28 February of each year, the components of the gross taxable amount of remuneration paid by it during the preceding year to each of the officials seconded to the Government of the Democratic Republic of Madagascar.

The Governments of the two countries will consult each other at the technical level, as and when required, to study the consequences for the tax situation of co-operation personnel either

¹ Came into force on 23 March 1979 by the exchange of the said letters, with retroactive effect from 1 January 1979, in accordance with their provisions.

² United Nations, *Treaty Series*, vol. 978, p. 267.

of any changes which may be introduced in Malagasy tax legislation or of general trends in the remuneration of French technical co-operation personnel.

The provisions of this Exchange of letters will take effect from 1 January 1979.

I should be grateful if you would confirm that you agree to the above provisions.

Accept, Sir, etc.

[Signed]

ROBERT GALLEY
Minister for Co-operation
of the French Republic

His Excellency Mr. Rakotovao-Razakaboana
Minister to the President of the Republic for Finance and Planning
of the Democratic Republic of Madagascar

II

Paris, 23 March 1979

Sir,

You have addressed to me a letter, dated 23 March 1979, which reads as follows:

[See letter I]

I have the honour to inform you that the Government of the Democratic Republic of Madagascar agrees to the proposals made in that letter.

Accept, Sir, etc.

[Signed]

RAKOTOVAO-RAZAKABOANA
Minister to the President of the Republic
for Finance and Planning of the
Democratic Republic of Madagascar

His Excellency Mr. Robert Galley
Minister for Co-operation
of the French Republic
