

No. 19721

**UNITED STATES OF AMERICA
and
SOUTH PACIFIC COMMISSION**

**Exchange of letters constituting an agreement concerning
reimbursement of income taxes. Suva, 31 March 1980,
and Noumea, 15 April 1980**

Authentic text: English.

Registered by the United States of America on 27 March 1981.

**ÉTATS-UNIS D'AMÉRIQUE
et
COMMISSION DU PACIFIQUE SUD**

**Échange de lettres constituant un accord relatif au rembour-
sement de l'impôt sur le revenu. Suva, 31 mars 1980,
et Nouméa, 15 avril 1980**

Texte authentique : anglais.

Enregistré par les États-Unis d'Amérique le 27 mars 1981.

EXCHANGE OF LETTERS CONSTITUTING AN AGREEMENT¹
BETWEEN THE UNITED STATES OF AMERICA AND THE
SOUTH PACIFIC COMMISSION CONCERNING REIMBURSE-
MENT OF INCOME TAXES

I

Suva, 31 March 1980

Dear Mr. Secretary General:

I have been authorized to inform you that the United States Government can reimburse the South Pacific Commission for the sums utilized to reimburse personnel subject to payment of US income tax in order to insure that salaries of employees subject to US income tax are equivalent to those of staff members of SPC not subject to national taxes. To do this, I propose below a formal agreement establishing the procedure:

“The United States Government understands that the South Pacific Commission (SPC) will reimburse SPC staff members who are US citizens, or otherwise liable to pay US income taxes, for any US income taxes paid on their SPC income through a special suspense account. The US Government will be obligated to pay a tax equalization charge as part of its annual payment to the SPC to compensate this special suspense account. This charge will cover actual reimbursements made by the SPC to employees subject to US income taxes. This agreement does not cover employees paid from voluntary funds.

“This agreement may be terminated by either party. Termination shall take effect one year from the date that notice of termination is given.”

Your concurrence in the above paragraph by letter will constitute the agreement between the United States Government and the South Pacific Commission formalizing the tax reimbursement procedure which will enter into force as of January 1, 1980.

Sincerely,

[Signed]

JOHN P. CONDON
American Ambassador

The Honorable M. Young Vivian
Secretary General
South Pacific Commission
Noumea, New Caledonia

¹ Came into force on 15 April 1980 by the exchange of the said letters, with retroactive effect from 1 January 1980, in accordance with their provisions.

II

SOUTH PACIFIC COMMISSION
NOUMEA
NEW CALEDONIA

COMMISSION DU PACIFIQUE SUD
NOUMÉA
(NOUVELLE-CALÉDONIE)

15 April 1980

SPC 1/2/3/2

Dear Ambassador,

Thank you for your letter of 31 March proposing a formal agreement by which the United States Government will compensate the South Pacific Commission for the sums utilized to reimburse US income taxes incurred by its staff members paid under its regular budget. The proposed agreement is set out in the following text:

[See letter I]

I am happy to indicate my concurrence in the above text, on the understanding that it concerns all US income taxes levied on SPC income, and my acceptance that this exchange of letters constitutes the agreement between the United States Government and the South Pacific Commission formalizing the tax reimbursements procedure which will enter into force as of January 1, 1980.

Yours sincerely,

[Signed]

M. YOUNG VIVIAN
Secretary-General

The Honourable John P. Condon
Ambassador for the United States
Representative for the United States
on the South Pacific Commission
American Embassy
Suva, Fiji
