

No. 20873

**UNITED STATES OF AMERICA
and
INTERNATIONAL HYDROGRAPHIC
ORGANIZATION**

**Exchange of letters constituting an agreement relating
to reimbursement of income taxes. Washington,
27 August 1980, and Monaco, 16 October 1980**

Authentic text: English.

Registered by the United States of America on 1 March 1982.

**ÉTATS-UNIS D'AMÉRIQUE
et
ORGANISATION HYDROGRAPHIQUE
INTERNATIONALE**

**Échange de lettres constituant un accord relatif au rembour-
sement de l'impôt sur le revenu. Washington, 27 août
1980, et Monaco, 16 octobre 1980**

Texte authentique : anglais.

Enregistré par les États-Unis d'Amérique le 1^{er} mars 1982.

EXCHANGE OF LETTERS CONSTITUTING AN AGREEMENT¹
BETWEEN THE UNITED STATES OF AMERICA AND THE
INTERNATIONAL HYDROGRAPHIC ORGANIZATION RE-
LATING TO REIMBURSEMENT OF INCOME TAXES

I

August 27, 1980

Dear Admiral Ritchie:

This is in reply to your letter S1/F/1004 of June 19, 1980, concerning the reimbursement of personnel subject to payment of United States income tax.

The United States can agree to the amendment you propose to the draft agreement; that is, to substitute the words "as an annual subvention" for the words "as a part of its annual payment." With this amendment, the text of the formal agreement would read as follows:

"The United States Government understands that the International Hydrographic Bureau (IHB) will reimburse IHB staff members who are U.S. citizens, or otherwise liable to pay U.S. income taxes, for any U.S. income taxes paid on their IHB income through a special suspense account. The U.S. Government will be obligated to pay a tax equalization charge as an annual subvention to the IHB to compensate this special suspense account. This charge will cover actual reimbursements made by the IHB to employees subject to U.S. 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 paragraphs by letter will constitute the Agreement between the United States Government and the International Hydrographic Bureau, and will formalize the tax reimbursement procedure which will enter into force retroactively as of January 1, 1980.

I invite your attention to the fact that the United States regards "income" within the meaning of the agreement proposed above as being salary payments to employees who are on active duty with the organization. It does not include lump sum pension payments.

I am unable to concur, however, with your proposal that the IHB wait for the receipt of the U.S. payment before reimbursing the IHB staff members. We have tax reimbursement agreements with sixteen international organizations, and the procedure used under these agreements is that the organizations pay the employees and the Department, in turn, reimburses the organization. It is imperative that this procedure be maintained for all organizations. I recommend, therefore, that the IHB devise an accounting procedure by which it can reimburse the employee,

¹ Came into force on 16 October 1980 by the exchange of the said letters, with effect from 1 January 1980, in accordance with their provisions.

and then notify the Department of the amount of payments made. On the basis of this notification, we will reimburse the IHB.

Sincerely,

[Signed]

RICHARD L. MCCALL
Assistant Secretary
for International Organization Affairs

Rear Admiral G. S. Ritchie
President of the Directing Committee
International Hydrographic Bureau
Monaco

II

INTERNATIONAL HYDROGRAPHIC
BUREAU

BUREAU HYDROGRAPHIQUE
INTERNATIONAL

MONACO
PRINCIPAUTÉ DE MONACO

16 October 1980

Reference No. S1/F/1004

Dear Mr McCall,

I am in receipt of your undated letter received 23rd September 1980 concerning an agreement with regard to the reimbursement of personnel subject to payment of United States income tax.

The International Hydrographic Bureau agrees to the text of the formal agreement contained in your letter which reads as follows:

[See letter I]

This letter gives my concurrence in the above paragraphs and thus constitutes the Agreement between the United States Government and the International Hydrographic Bureau and formalizes the tax reimbursement procedure which entered into force retroactively as of 1st January 1980.

Yours sincerely,

[Signed]

Rear Admiral G. S. RITCHIE
President of the Directing Committee

Mr. Richard L. McCall
Assistant Secretary for International
Organization Affairs
Department of State
Washington, D.C., U.S.A.