

No. 26979

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**UNITED STATES OF AMERICA  
and  
INTERNATIONAL COTTON  
ADVISORY COMMITTEE**

**Exchange of notes constituting an agreement relating to a  
procedure for U.S. income tax reimbursement. Washing-  
ton, 17 and 19 November 1981**

*Authentic text: English.*

*Registered by the United States of America on 19 December 1989.*

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**ÉTATS-UNIS D'AMÉRIQUE  
et  
COMITÉ CONSULTATIF  
INTERNATIONAL DU COTON**

**Échange de notes constituant un accord relatif à une pro-  
cédure de remboursement de l'impôt sur le revenu par  
les Etats-Unis. Washington, 17 et 19 novembre 1981**

*Texte authentique : anglais.*

*Enregistré par les États-Unis d'Amérique le 19 décembre 1989.*

EXCHANGE OF NOTES CONSTITUTING AN AGREEMENT<sup>1</sup> BETWEEN THE UNITED STATES OF AMERICA AND THE INTERNATIONAL COTTON ADVISORY COMMITTEE RELATING TO A PROCEDURE FOR U.S. INCOME TAX REIMBURSEMENT

I

DEPARTMENT OF STATE  
WASHINGTON

November 17, 1981

SIR:

I refer to my letter of October 9, 1981, indicating the willingness of the Government of the United States to conclude a Tax Reimbursement Agreement with the International Cotton Advisory Committee (ICAC) in accordance with which ICAC will reimburse its staff members who are United States citizens, or who are otherwise liable to pay United States Federal income tax, for those United States Federal income taxes that these staff members have paid on ICAC income as specified below. An advance payment made by ICAC relating to the estimated tax liability of a staff member during a current year will be treated as a reimbursement, provided that such payment is effected by an instrument jointly payable to the Internal Revenue Service and the staff member.

An income tax reimbursement charge will be payable by the Government of the United States, subject to the availability of funds, to compensate ICAC for the expenditure it has made. This charge will cover reimbursements made by ICAC for United States Federal income taxes on the following categories of ICAC income:

basic salary; post allowance that is based on the cost of living; travel on appointment or on separation; installation allowance; removal, shipment or storage of household effects; education allowance and education travel grant; home leave travel; travel on annual leave from designated duty station; family visit travel; representation; language allowance; dependency grant; payments made specifically to compensate a staff member for the United States Federal income tax for which the staff member is liable or has paid.

<sup>1</sup> Came into force by the exchange of notes, with effect from 1 January 1982, in accordance with the provisions of the said notes.

The charge payable by the Government of the United States will not include reimbursement for interest or fines paid on income tax, taxes on pensions or lump sum payments related to pensions, or taxes paid to any state or local government within the United States.

The Government of the United States will reimburse for each taxpayer an amount not to exceed the Federal income tax that would be due if the specified categories of ICAC income were the taxpayer's only income, taking into account any special tax benefits available to United States taxpayers employed abroad, as well as the deductions and personal exemptions generally allowed.

This agreement does not cover ICAC staff members who are paid from voluntary funds, nor tax on income from any source other than ICAC.

ICAC will maintain separate accounting of the tax reimbursements covered by this agreement. To help insure the accountability of the program, ICAC, after securing the written permission of the American and other staff members liable to pay United States Federal income tax, will provide the Department of State with a list of participating staff members and their United States Social Security numbers for forwarding to the United States Internal Revenue Service for income tax filing record checks.

The Government of the United States will reimburse ICAC on the basis of a certification that reimbursements have been made by ICAC to United States citizens, or others liable to pay United States Federal income tax. The certifications will set forth the names and United States Social Security numbers of the staff members reimbursed, the total of ICAC income against which the United States Federal income tax has been paid, the amount paid to each staff member in each of the categories of income specified above, the amount of tax reimbursed to each staff member by the year in which reimbursement was made, and the amount of tax reimbursed to each staff member by the year for which reimbursement was made.

This agreement will enter into force January 1, 1982. It shall apply with respect to reimbursements made by ICAC on taxes paid on ICAC income earned in 1982 or thereafter.

This agreement may be terminated by either party, effective one year from the date on which written notice of termination is given.

This agreement supersedes the agreement on reimbursement of income taxes between the Government of the United States and ICAC, signed at Washington, March 28 and May 1, 1974.<sup>1</sup>

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<sup>1</sup> United Nations, *Treaty Series*, vol. 1228, p. 159.

I propose that the present note and your reply thereto will constitute an agreement between the Government of the United States and ICAC for the purpose of regulating the reimbursement of income tax.

Very truly yours,

For the Secretary of State:

ELLIOTT ABRAMS

Assistant Secretary of State  
for International Organization Affairs

The Executive Director  
International Cotton Advisory Committee  
Washington

## II

INTERNATIONAL COTTON ADVISORY COMMITTEE  
WASHINGTON, D.C.

November 19, 1981

Dear Mr. Abrams:

I have received your note of November 17, 1981, proposing the conclusion of an agreement by which the Government of the United States would compensate ICAC for the reimbursement of United States Federal income tax that ICAC may make to its staff members.

The terms and conditions set forth in your note are acceptable, and I concur with your proposal that your note and this reply from me constitute an agreement between the Government of the United States and ICAC for the purpose of regulating the reimbursement of income tax.

Yours sincerely,

[Signed]

J. C. SANTLEY  
Executive Director

Mr. Elliott Abrams  
Assistant Secretary of State  
for International Organization Affairs  
Washington

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