

No. 50802*

**United States of America
and
Hungary**

Exchange of notes constituting an agreement between the Government of the United States of America and the Government of the Republic of Hungary regarding the status of the International American School in Budapest. Budapest, 30 November 1998

Entry into force: *30 November 1998 by the exchange of the said notes, in accordance with article 8*

Authentic text: *English*

Registration with the Secretariat of the United Nations: *United States of America, 22 May 2013*

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**États-Unis d'Amérique
et
Hongrie**

Échange de notes constituant un accord entre le Gouvernement des États-Unis d'Amérique et le Gouvernement de la République de Hongrie relatif au statut de l'École américaine internationale à Budapest. Budapest, 30 novembre 1998

Entrée en vigueur : *30 novembre 1998 par l'échange desdites notes, conformément à l'article 8*

Texte authentique : *anglais*

Enregistrement auprès du Secrétariat des Nations Unies : *États-Unis d'Amérique, 22 mai 2013*

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[ENGLISH TEXT – TEXTE ANGLAIS]

NOTE VERBALE

The Ministry of Foreign Affairs of the Republic of Hungary presents its compliments to the Embassy of the United States of America and has the honour to propose that the two governments conclude an Agreement regarding the status of the American International School of Budapest.

The terms of the Agreement between the Government of the Republic of Hungary and the Government of the United States of America regarding the status of the American International School of Budapest are as follows:

Article 1.

The authority and working method of the American International School of Budapest (hereinafter: "the School") shall be defined in the deed of foundation of the School which shall be in accordance with the provisions of the present Agreement. The School shall be comprised of an elementary school and a high school consisting of fourteen (14) grades. Report cards issued by the School shall correspond to report cards issued under the school system of the United States of America.

The Government of the Republic of Hungary and the Government of the United States of America (hereinafter: "the Parties") hereto affirm that the School is a non-profit organisation with a legal personality, seated in the territory of the Republic of Hungary.

The Maintainer of the School is the American International School of Budapest Foundation (hereinafter the Maintainer).

The Parties hereto assert that the operation of the School shall be governed by Hungarian legal regulations, unless otherwise provided by this Agreement.

Article 2.

The School is an educational institution which shall foster cultural relations between the Peoples of Hungary and the Peoples of countries represented in the School. The governing body of the School shall be the School Board which shall be represented by its members.

The Parties understand that subject to space availability, the School may admit students whose English knowledge is sufficient to follow the course of instruction, provided this does not prevent the admission of students whose mother tongue or first language is English.

Article 3.

The School shall be entitled to participate in scholarship programs in order to promote the admission of Hungarian students.

Article 4.

The Parties understand that the faculty and other employees of the School (hereinafter: "the School personnel") shall be employed by the School through the School Board locally or from abroad, as it is necessary to meet the requirement in the number of the School personnel, with their salary and other benefits to be provided from the Budget of the School. Members of the School personnel who are citizens of a country other than Hungary and are not permanent residents of Hungary may receive their salaries and other benefits in U.S. dollars, and may be employed exempt from the Hungarian regulations on the employment of foreign citizens.

The budget for the operation of the School shall be set by the School Board. The Government of the Republic of Hungary has no obligation to provide equipment or premises to the School.

For the purposes of this Agreement, the School director, teachers of the School and its administrative and operational personnel shall be considered the members of the School personnel, provided that they are citizens of a country other than Hungary and are not permanent residents of Hungary.

Article 5.

The Government of the Republic of Hungary:

Shall exempt the Maintainer from the payment of any and all taxes and charges, excepting excise tax and shall reimburse the indirect taxes paid. The condition of the exemption and reimbursement is that the aforesaid taxes and charges shall originate in the fulfilment of the School's educational objective and execution of its program, and the establishment and organisation of the School.

2. Shall exempt the School from fees payable on real estate acquired or used by the School for educational purposes.
3. Shall exempt from the payment of pension contribution and health insurance contribution the members of the School personnel - being citizens of a country other than Hungary and not having permanent residence in Hungary - who reside in Hungary to perform work under this Agreement and their family members, and shall exempt the School from the payment of social security and health contributions (this exemption shall not apply to Hungarian citizens and citizens of a country other than Hungary having permanent residence in Hungary). The abovementioned persons may benefit from the Hungarian social security system under the regime of individual contracts.
4. Shall entitle the members of the School personnel and their family members - who are Hungarian citizens and who are citizens of a country other than Hungary and are not permanent residents of Hungary - to import and export to and from Hungary goods, except those which are subject to import restrictions, free of customs duties, tax and fees, except for excise tax.

Articles free of customs duties, tax and fees shall include the following:

- (a) Any goods or equipment which are imported by a member of the School personnel for the purpose of performing educational activities.
- (b) Objects for the personal use of the members of the School personnel and their family members, including one car for each employee, purchased or received from abroad, excepting goods subject to excise tax, which are brought to Hungary within six (6) months from the date of the beginning of the employment of the member of the School personnel as certified by the School.

Within three (3) years from the date of importation, goods imported under paragraph (a) and (b) may not be alienated or transferred for use to persons others than those who enjoy the benefits of this Agreement unless the applicable customs duty has been paid in full. Members of the School personnel shall be required to pay costs of storage and transportation, as well as any other public charges.

5. Shall provide a residence permit without fee to members of the School personnel and their family members. The residence permit, based upon the instrument certifying the projected employment period, shall be issued by the competent police Headquarters. The entrance visa shall be issued promptly by the appropriate Embassy or Consulate of the Republic of Hungary.

6. Shall exempt the School from the payment of import customs duty, taxes and charges on school books, equipment and other educational material, construction materials, furniture, vehicles, audio-visual devices and sports equipment purchased or donated and to be used by the School.
7. Shall approve that the School acquire non-arable real estate internal zoned for the development of an educational facility and carry out construction thereon, provided it is related to the establishment, organisation, educational purposes and activities of the School.
8. Shall pay for Hungarian citizen students the amount of the prevailing standard state public education subsidy.

Article 6.

Customs exemption of the School and individuals entitled thereto under paragraphs 4 and 6 of Article 5. shall be attested by the organ, authorized to do so by the Government of the Republic of Hungary.

The refund of indirect taxes to the Maintainer shall be made upon request, certified by the aforementioned organ and submitted to the tax authority. The right for the reimbursement is established by the invoices, the indirect tax content of which reaches or exceeds the limit set out for the diplomatic corps in Budapest in that respect.

Article 7.

The School shall collect tuition fees the rate of which shall be set by the School Board. For welfare considerations, the School Board may establish exemption from tuition or decrease the rate of tuition fee for certain students. The School, through the School Board, shall be entitled to establish scholarship programs. Tuition fees shall be calculated in United States Dollars, except for Hungarian citizens and foreigners having a permanent domicile in Hungary, who shall pay the equivalent tuition fee in Hungarian Forints.

Article 8.

This Agreement is concluded for an indefinite period of time and shall enter into force on the day of the exchange of Notes between the Parties. The Notes to be exchanged will contain the text of this Agreement.

Either Party may terminate this Agreement upon two (2) years written notice, through diplomatic channels. The Provisions of this Agreement shall govern the operation of the School

until two (2) years from the end of the academic year following the date of receipt of the termination notice.

In the event of the termination of this Agreement, following the end of the academic year when the Agreement terminates, the School may no longer operate under the terms herein.

Since the Government of the Republic of Hungary has already approved the terms of the above Agreement, the Ministry of Foreign Affairs of the Republic of Hungary has the honour to suggest that, if the foregoing is acceptable to the Government of the United States of America, this Note and the Note of the Embassy of the United States of America in reply shall constitute an Agreement.

The Ministry of Foreign Affairs of the Republic of Hungary takes the opportunity to renew to the Embassy of the United States of America the assurances of its highest consideration.

Budapest, 30 November, 1998

No. 271

The Embassy of the United States of America presents its compliments to the Ministry of Foreign Affairs of the Republic of Hungary and has the honor to inform the Ministry of the receipt of Note Verbale 5186-32 and to confirm the acceptance of the terms of the Agreement regarding the status of the American International School of Budapest. The terms of the Agreement between the Government of the Republic of Hungary and the Government of the United States of America regarding the status of the American International School of Budapest are as follows:

Article 1.

The authority and working method of the American International School of Budapest (hereinafter: "the School") shall be defined in the deed of foundation of the School which shall be in accordance with the provisions of the present Agreement. The School shall be comprised of an elementary school and a high school consisting of fourteen (14) grades. Report cards issued by the School shall correspond to report cards issued under the school system of the United States of America.

The Government of the Republic of Hungary and the Government of the United States of America (hereinafter: "the Parties") hereto affirm that the School is a non-profit organization with a legal personality, seated in the territory of the Republic of Hungary.

The Maintainer of the School is the American International School of Budapest Foundation (hereinafter the Maintainer).

The Parties hereto assert that the operation of the School shall be governed by Hungarian legal regulations, unless otherwise provided by this Agreement.

Article 2.

The School is an educational institution which shall foster cultural relations between the Peoples of Hungary and the Peoples of countries represented in the School. The governing body of the School shall be the School Board which shall be represented by its members.

The Parties understand that subject to space availability, the School may admit students whose English knowledge is sufficient to follow the course of instruction, provided this does not prevent the admission of students whose mother tongue or first language is English.

Article 3.

The School shall be entitled to participate in scholarship programs in order to promote the admission of Hungarian students.

Article 4.

The Parties understand that the faculty and other employees of the School (hereinafter: "the School personnel") shall be employed by the School through the School Board locally or from abroad, as it is necessary to meet the requirement in the number of the School personnel, with their salary and other benefits to be provided from the Budget of the School. Members of the School personnel who are citizens of a country other than Hungary and are not permanent residents of Hungary may receive their salaries and other benefits in U.S. dollars, and may be employed exempt from the Hungarian regulations on the employment of foreign citizens.

The budget for the operation of the School shall be set by the School Board. The Government of the Republic of Hungary has no obligation to provide equipment or premises to the School.

For the purposes of this Agreement, the School director, teachers of the School and its administrative and

operational personnel shall be considered the members of the School personnel, provided that they are citizens of a country other than Hungary and are not permanent residents of Hungary.

Article 5.

The Government of the Republic of Hungary:

1. Shall exempt the Maintainer from the payment of any and all taxes and charges, excepting excise tax and shall reimburse the indirect taxes paid. The condition of the exemption and reimbursement is that the aforesaid taxes and charges shall originate in the fulfilment of the School's educational objective and execution of its program, and the establishment and organisation of the School.
2. Shall exempt the School from fees payable on real estate acquired or used by the School for educational purposes.
3. Shall exempt from the payment of pension contribution and health insurance contribution the members of the School personnel - being citizens of a country other than Hungary and not having permanent residence in Hungary - who reside in Hungary to perform work under this Agreement and their family members, and shall exempt the School from the payment of social security and health contributions (this exemption shall not apply to Hungarian citizens and citizens of a country other than Hungary having permanent residence in Hungary). The abovementioned persons may benefit from the Hungarian social security system under the regime of individual contracts.
4. Shall entitle the members of the School personnel and their family members - who are Hungarian citizens and who are citizens of a country other than Hungary and are not permanent residents of Hungary - to import and export to and from Hungary goods, except those which are subject to import restrictions, free of customs duties, tax and fees, except for excise tax.

Articles free of customs duties, tax and fees shall include the following:

- (a) Any goods or equipment which are imported by a staff member for the purpose of performing educational activities.
- (b) Objects for the personal use of the members of the School personnel and their family members, including one car for each employee, purchased or received from abroad, excepting goods subject to excise tax, which are brought to Hungary within six (6) months from the date of the beginning of the employment of the member of the School personnel as certified by the School.

Within three (3) years from the date of importation, goods imported under paragraph (a) and (b) may not be alienated or transferred for use to persons others than those who enjoy the benefits of this Agreement unless the applicable customs duty has been paid in full. Members of the School personnel shall be required to pay costs of storage and transportation, as well as any other public charges.

- 5. Shall provide a residence permit without fee to members of the School personnel and their family members. The residence permit, based upon the instrument certifying the projected employment period, shall be issued by the competent police Headquarters. The entrance visa shall be issued promptly by the appropriate Embassy or Consulate of the Republic of Hungary.
- 6. Shall exempt the School from the payment of import customs duty, taxes and charges on school books, equipment and other educational material, construction materials, furniture, vehicles, audio-visual devices and sports equipment purchased or donated and to be used by the School.
- 7. Shall approve that the School acquire non-arable real estate internal zoned for the development of an educational facility and carry out construction thereon, provided it is related to the establishment, organisation, educational purposes and activities of the School.
- 8. Shall pay for Hungarian citizen students the amount of the prevailing standard state public education subsidy.

Article 6.

Customs exemption of the School and individuals entitled thereto under paragraphs 4 and 6 of Article 5. shall be attested by the organ, authorized to do so by the Government of the Republic of Hungary.

The refund of indirect taxes to the Maintainer shall be made upon request, certified by the aforementioned organ and submitted to the tax authority. The right for the reimbursement is established by the invoices, the indirect tax content of which reaches or exceeds the limit set out for the diplomatic corps in Budapest in that respect.

Article 7.

The School shall collect tuition fees the rate of which shall be set by the School Board. For welfare considerations, the School Board may establish exemption from tuition or decrease the rate of tuition fee for certain students. The School, through the School Board shall be entitled to establish scholarship programs. Tuition fees shall be calculated in United States Dollars, except for Hungarian citizens and foreigners having a permanent domicile in Hungary, who shall pay the equivalent tuition fee in Hungarian Forints.

Article 8.

This Agreement is concluded for an indefinite period of time and shall enter into force on the day of the exchange of Notes between the Parties. The Notes to be exchanged will contain the text of this Agreement.

Either party may terminate this Agreement upon two (2) years written notice, through diplomatic channels. The Provisions of this Agreement shall govern the operation of the School until two (2) years from the end of the academic year following the date of receipt of the termination notice.

In the event of the termination of this Agreement, following the end of the academic year when the Agreement terminates, the School may no longer operate under the terms herein.

Under the terms and conditions of Note Verbale 5186-32, that Note and this response hereto constitute the Agreement regarding the status of the American International School of Budapest.

The Embassy appreciates the Ministry's separate advice that under current Hungarian law, there is no income tax liability for members of the School personnel who are citizens of a country other than Hungary and are not permanent residents of Hungary.

The Embassy of the United States of America takes this opportunity to renew to the Ministry of Foreign Affairs of the Republic of Hungary the assurances of its highest consideration.

Embassy of the United States of America,
Budapest, November 30, 1998.

