



USAID | WEST BANK/GAZA

February 21, 2008
2008-WBG-04

To: All USAID/West Bank and Gaza Contractors, Grantees and Recipients

Subject: Reporting of Foreign Taxes

Dear Implementing Partners,

The purpose of this Notice is to notify you of an internal change in responsibilities within the USAID/West Bank & Gaza Office of Financial Management with regard to the subject reporting requirement.

Please note that section (d) of the "Reporting of Foreign Taxes" clause, incorporated under USAID/West Bank & Gaza awards states that all reports should be sent to the attention of Michael Kopti. As of the date of this Notice, all reports should be submitted to the attention of **Mr. Issa Hanna**. The e-mail address and fax number to which these reports are to be sent remain unchanged. For your reference, attached please find the revised clause.

Please address any questions regarding this matter to Mr. Issa Hanna, Accounting Technician (VAT) at ihanna@usaid.gov.

Sincerely,

Sonila Hysi
Acting Director,
Office of Contracts Management
USAID West Bank & Gaza

Attachment: "Reporting of Foreign Taxes" – Modified Clause

REPORTING OF FOREIGN TAXES

- (a) The awardee must annually submit one report by April 6 of the next year. The reporting period will cover from October 1 to September 30.
- (b) Contents of Report. The reports must be in the format provided in attachment ____ (*refer to the appropriate attachment under your award*) and contain:
 - (i) Contractor/recipient name.
 - (ii) Contact name with phone, fax and email.
 - (iii) Award number(s); separate report needs to be provided for each award.
 - (iv) Amount of foreign taxes assessed by the Palestinian Authority on commodity purchase transactions valued at \$500 or more financed with U.S. foreign assistance funds under this agreement during the prior U.S. fiscal year.
 - (v) Only foreign taxes assessed by the foreign government in the country receiving U.S. assistance is to be reported. Foreign taxes by a third party foreign government are not to be reported. For example, if an assistance program for the Palestinian Authority involves the purchase of commodities in Israel using foreign assistance funds, any taxes imposed by Israel would not be reported.
 - (vi) Any reimbursements on the taxes reported in (iv) received by the recipient through March 31. Any refund from the Palestinian Authority that is received directly by the awardee should be reflected. For refunds processed by USAID, we will fill in the VAT refunded amount. If a VAT refund receipt was provided to USAID for refund processing the awardee will need to provide the month under which the claim was submitted to USAID and the serial number of the invoice as included in the claim.
 - (vii) Reports are required even if the contractor/recipient did not pay any taxes during the report period.
 - (viii) Cumulative reports may be provided if the contractor/recipient is implementing more than one program in a foreign country.
- (c) Definitions. For purposes of this clause:
 - (i) "Agreement" includes USAID direct and country contracts, grants, cooperative agreements and interagency agreements.
 - (ii) "Commodity" means any material, article, supply, goods, or equipment.
 - (iii) "Foreign government" includes only a Palestinian Authority entity.
 - (iv) "Foreign taxes" means value-added taxes and custom duties assessed by a foreign government on a commodity. It does not include foreign sales taxes.
- (d) Where. Submit the reports by either of the following means:
email attachment (preferred): 579vat@usaid.gov or fax to 972-3-511-4888, attention Mr. Issa Hanna.
- (e) Subagreements. The awardee must include this reporting requirement in all applicable subcontracts, subgrants and other subagreements.
- (f) For further information see <http://www.state.gov/m/rm/c10443.htm> .