



USAID | UKRAINE

FROM THE AMERICAN PEOPLE

February 14, 2007

TO: All USAID Contractors and Recipients in Ukraine, Moldova and Belarus

FROM: Jonathan Chappell, Regional Contracting Office

SUBJECT: Reporting of Foreign Taxes

Contractors and recipients are reminded that the final reporting of foreign taxes must be submitted annually by April 16 of the next year. Even if your organization paid no taxes during the reporting period, you are still required to report.

The provision below has been incorporated into all contracts, task orders, agreements and grants managed by the Regional Contracting Office and provides the necessary information on reporting. We appreciate your cooperation in submitting these reports by the deadline.

This provision is applicable to all USAID agreements that obligate or subobligate FY 2003 or later funds except for agreements funded with Operating Expense, Pub. L. 480 funds, or trust funds, or agreements where there will be no commodity transactions in a foreign country over the amount of \$500.

REPORTING OF FOREIGN TAXES (March 2006)

- a. The recipient must annually submit a report by April 16 of the next year.
- b. Contents of Report. The report must contain:
 - (i) Contractor/recipient name.
 - (ii) Contact name with phone, fax and email.
 - (iii) Agreement number(s).
 - (iv) Amount of foreign taxes assessed by a foreign government [each foreign government must be listed separately] 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 Lesotho involves the purchase of commodities in South Africa using foreign assistance funds, any taxes imposed by South Africa would not be reported in the report for Lesotho (or South Africa).

(vi) Any reimbursements received by the Recipient during the period in (iv) regardless of when the foreign tax was assessed and any reimbursements on the taxes reported in (iv) received through March 31.

(vii) Report is required even if the recipient did not pay any taxes during the report period.

(viii) Cumulative reports may be provided if the 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 any foreign governmental 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 to: Office of Financial Management, U.S. Mission to Ukraine, Belarus and Moldova, 19 Nizhniy Val, 04071 Kyiv, Ukraine by hand or by air courier or to: Office of Financial Management, U.S. Mission to Ukraine, Belarus and Moldova, Dept. of State, 5850 Kiev Place, Washington, D.C. 20521-5850 by U.S. mail. Reports may also be sent electronically to tskripka@usaid.gov or by fax to (380-44) 537-4698.

e. Subagreements. The recipient 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>.