

Attachment 10

STATUS OF FORCES AGREEMENTS

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Attachment 10

STATUS OF FORCES AGREEMENTS

12 June 1991

1 Provisions for Work to be Performed in Korea. Invited Contractor or Technical Representative Status - Republic of Korea (ROK).

1.1 United States Forces in Korea (USFK) has approved for this contract the use of a US or third-country national firm. After contract award the firm will be designated by USFK as an Invited Contractor or Technical Representative, for this contract.

1.2 The Contractor, including non-Korean officials and employees, and their dependents may be accorded such privileges and exemptions as may from time to time be specified in the US-ROK Status of Forces Agreement (SOFA), and implemented in accordance with USFK/EA Reg 700-19, subject to the conditions and limitations imposed by that regulation pertaining to the individual privilege or exemption. These privileges and exemptions may be furnished during the performance period of the contract, subject to their continued inclusion in the regulation and provided the Invited Contractor or Technical Representative status is not withdrawn.

1.3 The Contractor officials and employees, performing under this contract, collectively and separately warrant that they are not now performing, nor will perform during the period of this contract, any contract services or otherwise engage in any form of business activities in the ROK other than under contract with agencies of the US Armed Forces in the ROK.

1.4 During the performance of the work in the ROK required by this contract, the Contractor will be governed by the regulations issued by the Commander, USFK, or his duly authorized representative in the personnel administration of Korean employees. This provision will not apply to Korean employees of local (Korean) contractors.

1.5 The authorities of the ROK will have the right to exercise jurisdiction over the Invited Contractor or Technical Representative, including officials and employees, and their dependents, for offense committed in the ROK and punishable by the laws of the ROK. In recognition of the role of such persons in the defense of the ROK, they will be subject to the provisions of paragraphs 5, 7(b), and 9 and the related agreed minutes of Article XXII, US-ROK SOFA. In those cases in which the authorities of the ROK decide not to exercise jurisdiction, they shall notify the US military authorities as soon as possible. Upon such notification, the US military authorities will have the right to exercise such jurisdiction over the persons referred to, as is conferred on them by the law of the US.

1.6 The Invited Contractor or Technical Representative agrees to cooperate fully with the USFK sponsoring agency and Responsible Officer on all matters pertaining to logistical support. In particular, contractors will provide prompt and accurate monthly reporting of changes in employee status as required by USFK/EA REG 700-19 to the assigned sponsoring agency. All US contractors performing work on US Air Force classified contracts will report to the nearest Security Police Information Security Section for the geographical area where the contract is to be performed.

1.7 Invited Contractor or Technical Representative status will be withdrawn:

1.7.1 From individual officials and employees, and their dependents, upon noncompliance with c, above.

1.7.2 From the firm in the event all officials and employees collectively non-comply with c, above.

1.7.3 From the firm and/or its individual officials and employees and their dependents, upon completion of the work to be performed in the ROK required by this contract.

1.7.4 From the firm and/or its individual officials and employees, and their dependents, upon termination by the contracting officer of this contract or work to be performed in the ROK required by this contract.

1.7.5 From the firm and/or individual officials and employees, and their dependents, when investigation establishes that such persons have engaged in illegal practices in the ROK or have violated US Armed Forces regulations or directives pertaining to their duties and privileges in the ROK, particularly as concerns the purchase and proper disposition of duty-free goods.

1.8 It is agreed that the withdrawal of the Invited Contractor or Technical Representative status or any of the privileges associated therewith by the US Government, will not constitute grounds for excusable delay by the Contractor in the performance of the contract, nor will it justify or excuse the Contractor defaulting in the performance of this contract; and such withdrawal will not serve as a basis for the filing of any claims against the US Government. Under no circumstances will the withdrawal of such status or privileges be considered or construed as a breach of contract by the US Government. The determination to withdraw the status or privileges by the contracting or other such competent US officer, shall be final and binding upon the parties unless it is patently arbitrary, capricious and lacking in good faith.

2 Provisions for Work to be Performed in Japan.

2.1 The rights and obligations of the US Forces in Japan (USFJ) are governed by the provisions of the Status of Forces Agreement (SOFA) between the US and Japan. The status of a US contractor or its personnel in Japan is that of any private enterprise or individual seeking to do business or perform work in this country, except to the extent privileges are accorded to the company and its employees by Article XIV of the SOFA or to the extent that privileges are accorded to specific employees pursuant to Article 1(b) of the SOFA. Attachment 1 USFJ Policy letter 70-2 sets out in detail the privileges acquired under Article XIV and the method for obtaining designation as a US Official contractor under Article XIV. Attachment 2 sets out in detail the privileges obtained in Article 1(b) and XIV for Kadena AB only. Attachment 2 sets out the privileges obtained under Article 1(b) and the method for obtaining same.

2.2 Standard security requirements are applicable. However, a DD Form 254 (Contract Security Classification Specification) may be required to be on file at each base where work is performed. Security jurisdiction overseas is geographical and administered by the base within the geographical location. Security requirements generally applicable to members of the US Armed Forces are also applicable to contractors and contractor employees who are performing on Government installations whether or not they have acquired SOFA status. US Civilians are required to have a valid passport. The security requirements in AFR 205-4 apply to contracts involving access to classified information. Normally, unclassified contracts performed within restricted areas involve employees under escort or establishment of free zones in accordance with Paragraph 27(a), AFM 207-1. Should, however, unescorted entry in restricted areas be absolutely imperative, then additional security requirements apply as prescribed in AFR 205-6.

2.3 Standards of conduct required to be observed by the prospective Contractor and his employees and any action that may be taken against them in the event required standards are not maintained. Japanese authorities, as a practical matter, have the exclusive right to exercise criminal jurisdiction over all Article XIV personnel in relation to offenses committed in Japan and punishable by the laws of Japan. Article 1 (b) personnel are also subject to the criminal jurisdiction of Japan, pursuant to the provisions of Article XVII, SOFA. Contractor personnel are subject to, and are required to comply with, service directives concerning the importation and exportation, acquisition, use, control, sale, transfer or disposition of personal property, currency, and motor vehicles.

2.4 Requirements pertaining to the use of foreign currency, including applicability of United States holdings of excess foreign currencies. US currency is used by US Forces personnel, civilian component, and Article XIV personnel for transactions in all base facilities or activities. There are no known US holdings of excess foreign currency in Japan.

Contractor Logistical Support  
Yokota AB, Japan

2.4.1 The following are items of logistical support which can generally be provided to DOD contractor personnel at Yokota AB, Japan. In the event any item is not available, or additional items are available, the contract should be adjusted accordingly.

2.4.1.1 Military bachelor quarters are available on an "as available" basis.

2.4.1.2 Military family housing is not authorized for contractor personnel.

2.4.1.3 Medical services are limited to those required to preserve life, limb or sight, to prevent undue suffering and/or loss of body tissue.

2.4.1.4 Use of the APO mailing service is authorized.

2.4.1.5 Utilization of Morale Welfare Recreation facilities to include Officer or NCO club membership is authorized.

2.4.1.6 Commissary privileges are authorized.

2.4.1.7 Base Exchange privileges are authorized.

2.4.1.8 Utilization of military banking facilities is authorized.

2.4.1.9 Laundry service is available on a reimbursable basis.

2.4.1.10 Mortuary benefits are available on a reimbursable basis.

2.4.1.11 Government-furnished pager service is not available.

2.4.1.12 Telephone and message service (to include DSN) available.

2.4.1.13 Vehicle registration and inspection.

2.4.1.14 Pet and firearm registration (importation of firearms is discouraged due to highly restrictive pertinent laws).

2.4.1.15 Ground transportation: Military Shuttle bus, Military Taxi, U-drive and rental vehicles (subject to availability and restricted to official use).

2.4.2 The above privileges are based on the assumption that the contractor personnel are US nationals and have been provided proper orders and

identification. Privileges granted to the Contractor must be indicated on identification card and/or specified in the contract (See AFR 400-15/AR 700-32/OPNAVINST 4000.76A).

Contractor Logistical Support  
Kadena Air Base, Okinawa, Japan

2.3 The Contractor and his employees may be afforded the following privileges if SOFA Article 1b or XIV status has been granted. Dependents of SOFA article XIV contractor personnel are not authorized privileges. In order for dependents of Article 1b employees to obtain ID cards (DD Form 1173), the contract must state that the dependents may accompany him to the overseas workplace (see paragraph 1-4c, AFR 30-20). The dependents of Article 1b employees are entitled to Article 1c status under SOFA, but this status alone does not authorize said dependents to have ID cards.

2.4.3.1 Entry into and exit from Japan as "Exempt Personnel."

2.4.3.2 Duty free import-export into and from Japan.

2.4.3.3 US Customs exemptions under PL 89-436.

2.4.3.4 US Customs exemptions under Tariff Act of 1930.

2.4.3.5 Use of US dollars and military banking facilities.

2.4.3.6 Use of recreation facilities.

2.4.3.7 Use of USFJ retail outlets for purchases of kerosene, diesel fuel, gasoline, and garage services.

2.4.3.8 Purchase at military exchanges, commissaries, beverage sales outlets and other similar appropriated and non-appropriated fund outlets.

2.4.3.9 Membership in open messes, golf clubs, etc.

2.4.3.10 APO privileges.

2.4.3.11 Emergency medical and dental care on a reimbursable basis. Rates and charges will be in accordance with applicable directives.

2.4.3.12 Dependent schools. Reimbursement for dependent schooling will be at the rate prescribed by the Department of Defense Dependent Schools.

2.4.3.13 Exchange theaters.

2.4.3.14 Registration of POV in US Forces Status.

2.4.3.15 USFJ operator's permit.

2.4.3.16 Laundry and dry cleaning facilities on a paying basis.

2.4.3.17 Mortuary services on a reimbursable basis.

### 3 Provisions for Work to be Performed in the Philippines.

3.1 The applicable international agreement is the military bases agreement of 1947, as amended. Immigration Act XI allows the Contractor and his/her employees to enter the Republic of the Philippines as non-immigrants in the performance of US Government contracts. Philippine law requires a visa to enter the country.

3.2 The normal industrial security requirements are applicable and all clearances required to enter Clark AB can be performed by the security police.

3.3 The Contractor and his/her employees are expected to observe the highest standards of commercial/personal integrity found in the United States. Possession of weapons and drugs are prohibitive items. Black-marketing and drugs are activities harshly viewed by the Philippine Government and the US military commander. Personnel caught violating Philippine and/or US military regulations can expect severe penalties to be imposed.

3.4 The Philippine peso is the principal currency of exchange. The procedure in obtaining pesos is to purchase from commercial banks or authorized monetary exchange outlets. US holdings of the peso are not in excess at present.

#### 3.5 Additional information:

3.5.1 No national of the US working for a US contractor is subject to Philippine income tax, poll or residence tax, import or export duty, tax on private property imported for own use.

3.5.2 No corporation organized in the US under contract with the US Government is liable for income tax to the Republic of the Philippines from profits derived under a contract made in the US

3.5.3 On-base quarters are extremely limited but accommodations meeting minimum US standards are available adjacent to Clark AB.

3.5.4 Medical care will be on a contractor reimbursable basis and dental care will be limited to emergencies.

3.5.5 Open mess and recreational facilities are adequate, post,

auto licensing and banking facilities are available for use by authorized personnel.

3.5.6 Commissary and exchange privileges are available.

3.5.7 Dependent school facilities are on a space available basis.

3.5.8 Philippine law requires a visa in order to enter the country, visa must be obtained prior to departure from the CONUS, all other identification documents must be obtained prior to travel to the Philippines.

3.5.9 Government transportation privileges are authorized, however, availability of such transportation varies.

#### 4 Provisions for Contractor Performance in United States Allied Forces in Europe (USAFE).

The following provisions are applicable for work to be performed within USAFE:

4.1 Security Requirements. Contractor personnel performing under a classified contract as defined in DOD 5220.22-R, paragraph 1-208, must agree to comply with security requirements and instructions provided to the Contractor by the installation commander when performance will be on USAFE installations. Arrangements for transmission and storage of classified material and any special instructions on industrial security must be coordinated by the Contracting Officer with the Contractor, the USAFE installation commander, and HQ USAFE/SP, who is responsible for managing the industrial security program within USAFE (AFR 205-4). HQ USAFE/SPI, APO New York 09012 will be included in the distribution block of DD Form 254 under "US Activity Responsible for Overseas Security Administration".

4.2 Conduct of Contractor Personnel. If the Contracting Officer finds it to be in the best interests of the Government, within the foreign environment in which the Contractor will be performing outside the limits of the United States and its possessions, he may, at any time during the performance of this contract, order the Contractor to remove any of his personnel from further performance under this contract for reasons of their moral character, unethical conduct, security reasons, and for violation of installation regulations. In the event that it becomes necessary to replace any Contractor personnel for any of the above reasons, the Contractor shall bear all costs associated with such removal, including the costs for the replacement of any personnel so removed.

4.3 Theater Clearance. Theater clearance request should be provided in accordance with the USAF Foreign Clearance Guide. To avoid duplication of effort, Contractor may combine the theater clearance request with the classified visit request submitted through DISCO to USAFE under DOD 5220.22-M

(ISM), paragraph 37.

#### 4.4 Authorized Privileges for Contractor Personnel in Overseas Theater.

4.4.1 The Government shall make available within the overseas theater, subject to the individual capability or limitation of the installation concerned and the approval of the installation commander, as well as the controlling provisions of the applicable inter-governmental agreement, the following items of logistic support to Contractor US citizen personnel who qualify as technical experts: BOQ on a space-available basis, base exchange, commissary, emergency and routine medical care, dental care (limited to relief of emergencies), transportation, APO privileges, banking privileges, auto licensing, POL and school facilities (Priority II, space required tuition paying). Club privileges will be available at the discretion of the installation commander. If at any time the above Contractor personnel should be deprived of the privileges contemplated hereunder by action of the host country authorities or a change in the controlling inter-governmental arrangements or agreements, the parties hereto agree to negotiate an amendment to this contract to provide for an appropriate adjustment of the contractual compensation.

4.4.2 All identifiable logistic support costs will be on a reimbursable basis (BOQ, medical and dental support, messing, school facilities, etc.).

#### 4.5 International Agreements - Germany.

4.5.1 NATO Status of Forces Agreement of 19 June 1951, 4 UST 1492, TIAS 2846 and the Supplementary Agreement thereto with Germany with Protocol of Signature of 3 August 1959, effective 1 July 1963, 14 UST 531, TIAS 5351; 481 UNTS 262. Further various multilateral and bilateral (US German) administrative agreements implementing the above.

4.5.2 Mutual Defense Assistance Agreement, as amended, 30 June 1955, effective 27 December 1955, 6 UST 5999, TIAS 343, 240 UNTS 47.

4.5.3 US German Agreement Relating to Offshore Procurement, 4 April 1955, effective 7 February 1957, 8 UST 157, TIAS 3755, 279 UNTS 73.

4.5.4 US German Agreement Concerning Tax Relief to be Accorded by the Federal Republic of Germany to United States Expenditures in the Interest of the Common Defense, 15 October 1954, effective 8 November 1955, 6 USE 3081, TIAS 3360, 239 UNTS 135.

4.5.5 Convention for the Avoidance of Double Taxation with Respect to Taxes on Income of 22 July 1954, effective 20 December 1954, 5 UST 2768, TIAS 3133, 239 UNTS 3, as modified by the Protocol of 17 September 1965, effective 27 December 1965, 16 UST 1875, TIAS 5920, 578 UNTS 224.

4.5.6 Treaty of Friendship, Commerce and Navigation with Protocol and Exchanges of Notes of 29 October 1954, effective 14 July 1956, 7 UST 1839, TIAS 3593, 273 UNTS 3 (NOTE: Extended each two years until the E.C. (European Community) pursuant to its exclusive authority under Article 113 of the E.C. Treaty has concluded a commercial treaty with the US for the entire E.C.)

4.5.7 Agreement on Social Security, with final protocol, and Administrative Agreement for the implementation of the foregoing Agreement, of 7 January 1976, entered into force 1 December 1979.

#### 4.5.8 Taxes, Duties and Charges for Doing Business

4.5.8.1 US defense contractors that have a permanent establishment, i.e., corporate presence in Germany within the meaning of reference paragraph e(5) above for performing their contract with the US Forces are on principle required to pay German taxes, duties and charges for doing business unless their legal status has been assimilated to that of US Forces organizations by US German Administrative Agreement pursuant to paragraph 4 of Article 72 of the NATO SOFA Supplementary Agreement (SA), (no such agreement has been concluded so far). US contractors, however, that carry on their pertinent business activities from abroad through dispatch of technical representatives or experts to Germany are not subject to German taxation. Their technical experts enjoy the legal status of members of the US civilian component pursuant to Article 73 of the NATO SOFA, SA, and have been granted income tax exemption by German Foreign Office Note Verbal. Investigations may be undertaken by the German tax authorities in their discretion to determine whether the foregoing US contractors have a permanent establishment/ corporate presence in Germany or not. The activities and operations of the US Forces in Germany themselves are exempt from German taxes, customs and duties, such as the Added Value/Turnover Tax ordinarily assessed on local procurement.

4.5.8.2 Component materials imported into the FRG for the exclusive use of the US Forces will not be subject to German customs duties provide that customs clearance is obtained from the German Customs Authorities prior to importation by means of AE Form 302-1 which will be made available by the US Forces.

#### 4.6 International Agreements - The Netherlands.

4.6.1 NATO Status of Force Agreement of 19 Jun 51, 4 UST 1492, TIAS 2846, 199 UNTS 67.

4.6.2 Agreement Relating to the Stationing of US Armed Forces in the Netherlands, with Annex, Exchange of Notes at the Hague, 13 AUG 54, in force as of 16 NOV 54, 6 UTS 103, TIAS 3174, 251 UNTS 91.

4.6.3 RNLAF-USAF (C) Technical Agreement Concerning Use of Soesterberg Airfield, 20/23 JUL 65.

4.6.4 Netherlands/US Forces Customs Clearance Agreement, 9 Jun/13 Aug 56.

4.6.5 Mutual Defense Assistance Agreement, 27 JAN 50, 1 UST 38, TIAS 2015, 80 UNTS 219.

4.6.6 Agreement Relating to a Memorandum of Understanding and a Model Contract for the Offshore Procurement Program, Exchange of Notes at the Hague, 15 APR - 7 May 54, entered into force 30 Jul 54, 5 UST 2027, TIAS 30, 213 UNTS 325.

4.6.7 Economic Cooperation Agreement, 2 Jul 48, 62 Stat 2477, TIAS 1791, 20 UNTS 91.

4.6.8 Agreement Relating to Relief from Taxation on US Government Expenditures in the Netherlands for the Common Defense, Exchange of Notes with memorandum attached, at the Hague, 7 Mar 52, 3 UST 4183, TIAS 2563, 135 UNTS 199.

4.6.9 Agreement Concerning Tax Relief Techniques and Procedures Pursuant to the Agreement of 7 Mar 52, Exchange of Notes at the Hague, 29 May/22 Jun 53, 5 UST 2556, TIAS 3120, 234 UNTS 320.

4.6.10 Convention with Respect to Taxes on Income and Certain Other Taxes, 20 Apr 48, entered into force 1 DEC 48, 62 Stat 1757, TIAS 1855, 32 UNTS 167.

4.6.11 Agreement Relating to a Weapons Production Program, Exchange of Notes, The Hague, 24 Mar 60, entered into force 2 Jan 62, 12 UST 180, TIAS 4692, 406 UNTS 165.

4.6.12 Convention for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on estates and inheritances with protocol. Signed 15 July 1969; entered into force 3 February 1971; 22 UST 247, TIAS 7061, 791 UNTS 201.

4.6.13 Mutual Logistic Support Agreements with Annexes 22 FEB 83, TIAS.

4.6.14 Taxes, Duties and Charges for Doing Business

4.6.14.1 US contractors and their US citizen employees performing services under contract to the United States in the interest of common defense are not granted privileged status or exemptions from income or profits taxes in the Netherlands. The usual provisions providing for relief from corporate

and income taxes as well as personal income taxes regarding operations from a permanent establishment and limited periods of activity are contained in reference f(10). In the absence of further agreements or clear understandings with Netherlands authorities, the international agreement (reference f(10)) is of little assistance in providing tax relief with respect to corporate, income or profits taxes on US defense expenditures in the Netherlands. The agreement situation with the Netherlands is somewhat unique in that there is in existence no formal or informal agreement or understanding granting status to technical representatives.

4.6.14.2 The present status of agreements with the Netherlands will not in our opinion support tax-free status of either US contractors or US contractor employees working in the common defense effort in the Netherlands.

#### 4.7 International Agreements - Spain.

4.7.1 Agreement of Friendship, Defense and Cooperation between the United States of America and the Kingdom of Spain, signed on 2 July 1982, entered into force 14 May 1983, TIAS 10589.

4.7.2 Agreement in implementation of reference (1). Signed at Madrid, January 31, 1976, entered into force September 21, 1976. TIAS 8361; 27 UST 3095.

4.7.3 Procedural Annexes XI and XII to reference (2) with exchange of notes. Signed at Madrid, December 19, 1978, entered into force December 19, 1978.

4.7.4 Procedural Annex XIV Insurance Covering Civil Liabilities of Employees of Contractors and Subcontractors of the United States Forces and Other Civilian Personnel as Provided in Article XXIX of ref (2).

4.7.5 Agreement Relating to Offshore Procurement in Spain, with Memorandum of understanding and standard contract attached, Exchange of Notes, 30 July 1954, 5 UST 2328; TIAS 3094, with amendments.

4.7.6 Economic Aid Agreement, 26 SEP 53, 4 UST 1903, TIAS 2851.

4.7.7 Mutual Defense Assistance Agreement with Tax Relief Annex and Interpretive Note in Regard to Tax Relief Annex, 26 Sep 53, 4 UST 1876, TIAS 2849

#### 4.7.8 Taxes, Duties and Charges for Doing Business

4.7.8.1 Spanish authorities interpret the agreements, ref paragraph h(1) and (2) to require both US contractors on defense projects and their US citizen employees to pay Spanish corporate income, customs, and related taxes. (Reference h(7) contains general relief from all Spanish taxes

on all activities and expenditures by or on behalf of the US).

4.7.8.2 Upon award of a contract requiring import of material, the Contracting Officer should advise JUSMG/MAAG Spain, Ministerio del Air, Romero Robledo 8, Madrid, Spain, of the award, furnish two copies of a "Letter of Intent", confirm this action later with contract copies and list the ports through which imported materials will be received. Upon award of a contract requiring purchase of materials in Spain, the Contracting Officer should advise the Contractor to submit a list of these materials to the Director General de Impuestos Indirectos to obtain a Tax Exemption Order as specified in Spanish Decree 2874/1964.

#### 4.8 International Agreements - United Kingdom (UK).

4.8.1 NATO Status of Forces Agreement of 19 June 1951, 4 UST 1492, TIAS 2846, 199 UNTS 67, as implemented by the Visiting Forces Act, 1952, the Visiting Force (Application of Law) Order, 1954, and the Visiting Forces and International Headquarters (Application of Law) Order, 1965, and subordinate US-UK agreements.

4.8.2 Tax Relief Agreement of 17/18 March 1952, 3 UST 4158, TIAS 2559, 177 UNTS 33.

4.8.3 Convention for the avoidance of double taxation and the prevention of fiscal evasion with Respect to taxes on income and capital gains. Signed at London 31 Dec 75, entered into force 25 Apr 30. 31 UST 5668, STIAS 9682.

4.8.4 Concessions Agreement of 19 December 1947 with implementing correspondence and memoranda.

4.8.5 Mutual Defense Assistance Agreement, 27 January 1950, 1 UST 126, TIAS 2017, 80 UNTS 261.

4.8.6 Taxes, Duties and Charges for Doing Business. US defense contractors carrying on their contractual activities for the US Forces from a permanent establishment (with corporate presence) in the UK within the meaning of reference h(3) above are, on principle, subject to all applicable taxes on corporate income and profits derived from their above activities.

Non-resident US contractors serving exclusively the US Force in the UK in the common defense effort and carrying on their business activities from abroad within the meaning of reference h(3) above, enjoy, on principle, tax exemption. In the individual case actual taxation will depend on the destination by the UK tax authorities whether such a contractor has a permanent establishment in the UK or not. Technical representatives, who are not British citizens, working for a US defense contractor in the UK are authorized military logistics support privileges but the UK authorities do not recognize them as full-fledged members of the US civilian component. They are

subject to UK income taxes. For the first 183 days of the year of their arrival they will not be considered, however, as having their residence in the UK for tax purposes; continuing stay beyond that time period will subject them to UK income taxes for their entire presence in the UK including the initial 183 days. Taxes will be imposed upon them on a tax basis arrived at upon a 50% reduction from their income because of its nature as a foreign emolument. United States defense expenditures are relieved from applicable taxes, such as the tax on added value (VAT) upon the purchase of equipment, materials, facilities and services for the common defense effort, and from import duties on the foregoing.

#### 4.9 International Agreements - Greece.

4.9.1 NATO Status of Forces Agreement of 19 Jun 51, 4 UST 1492, TIAS 2846.

4.9.2 Agreement Concerning Military Facilities, 12 OCT 53, 4 UST 2189, TIAS 2868, as implemented.

4.9.3 Agreement concerning Status of US Forces in Greece, 7 Sep 56, 7 UST 2555, TIAS 3649.

4.9.4 Agreement, relative to the operation of the Offshore Procurement Program, 30 Jul 54, 5 UST 1554, TIAS 3034.

4.9.5 Convention and Protocol of the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income, 20 Apr 53, effective 30 Dec 53, UST 47, TIAS 2902.

4.9.6 Tax Relief Agreement of 4 Feb 53, 4 UST 166, TIAS 2775, as implemented.

4.9.7 Agreement relating to the status of the US Navy personnel and the establishment of a joint standing committee. Exchange of notes 1/13/29 Sep 72 entered into force 29 Sep 72, 23 UST 2893; TIAS 7475.

4.9.8 Agreement on Defense and Economic Cooperation, with Annex, of 8 Sep 83 in force 20 Dec 83.

4.9.9 Taxes, Duties, and Charges for Doing Business. US Defense contractors enjoy full exemption from all types of taxes such as those on corporate income from contractual activities for the US Forces in Greece or on registration and from import duties on machinery, tools, and equipment. No exemption is granted from the obligation to pay contributions to the Social Insurance Institute (IKA). US citizen contractor employees enjoy the privileged legal status and tax exemption of members of the US civilian component, including relief from income tax and import customs duties.

#### 4.10 International Agreements - Italy.

4.10.1 NATO Status of Forces Agreement of 19 Jun 51, 4 UST 1492, TIAS 2846 and implementing agreements.

4.10.2 Memorandum of Understanding Relating to Offshore Procurement of 31 Mar 54, 5 UST 2185, TIAS 3083.

4.10.3 Tax Relief (Dunn-Vanoni) Agreement of 5 Mar 52, 3 UST 4234, TIAS 2566.

4.10.4 Mutual Defense Assistance Agreement of 27 Jan 50, 1 UST 50, TIAS 2013.

4.10.5 Convention for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income, 30 Mar 55, operative from 1 Jan 56, 7 UST 2999, TIAS 3679.

4.10.6 Taxes, Duties, and Charges for Doing Business. AS defense contractor carrying out defense missions from a permanent establishment (with corporate presence) in Italy is not granted privileged status or exemption from taxes on corporate income or profits. Technical representatives of US defense contractors enjoy the legal status and the customs and tax exemption of the members of the US civilian component. Expenditures which can be identified as made by the US for the purchase in Italy of armament, equipment, material, facilities, and services for the common defense including US military commands in Italy are relieved from local taxes such as those added value (IVA), production, registration of contracts, construction and building materials, and import duties.

#### 4.11 International Agreements - Turkey.

4.11.1 NATO Status of Force Agreement of 19 Jun 51, 4 UST 1492, TIAS 2846.

4.11.2 Agreement relating to implementation of the agreement between the parties to the North Atlantic Treaty regarding the status of their forces of 19 Jun 51, with two minutes of understanding. Signed at Ankara 23 Jun 54; entered into force 23 Jun 54. 5 UST 1465; TIAS 3030; 233 UNTS 189.

4.11.3 Agreement for Cooperation on Defense and Economy in accordance with Articles II of the North Atlantic Treaty. 29 Mar 80; entered into force 18 Dec 80; TIAS 9901.

4.11.4 Agreement Relating to a Program of Offshore Procurement of 29 Jun 55, 6 UST 3729; TIAS 3372.

4.11.5 Agreement on Aid to Turkey, 12 Jul 47, TIAS 1629; 7 UNTS 67.

4.11.6 Economic Cooperation Agreement, 4 Jul 48, TIAS 1794; 7 UNTS 67.

4.11.7 Agreement Relating to Relief from Turkish Taxes on Expenditures made by or on Behalf of the Common Defense, 23 Jun 54, 5 UST 1258; TIAS 2996.

4.11.8 Agreement for Cooperation on Defense and Economy in accordance with Articles II and III of the North Atlantic Treaty, with related note: supplementary agreement number 1 on defense support; supplementary agreement number 2 on defense industrial cooperation; and supplementary agreement number 3 on installations, with implementing agreements (annexes). Signed at Ankara, 29 Mar 80; entered into force 18 Dec 80; TIAS 9901.

4.11.9 Taxes, Duties, and Charges for Doing Business.

4.11.9.1 US defense contractors of the US Forces in Turkey are in general exempt from taxes and customs duties, including income and corporation taxes. US citizen technical representatives of US defense contractors enjoy the tax-exempt status of members of the civilian component in Turkey.

4.11.9.2 US contractors are paying the production tax in Turkey because Turkey considers the US not exempt from this tax (reference paragraph (7)). Tax exemption is granted for NATO Mutual Infrastructure Programs Material (Decree #6-1470). The US Embassy seeks relief from the production tax and other taxes but pending resolution of these tax matters the production tax will be paid under protest, as indicated in the following clause.

4.11.9.3 A statement of payment under protest will be used in all instances of purchases of materials and supplies in Turkey which include or which may include production taxes or charges computed there on when there has been no exemption or assurance of refund. The statement will be included by the Contractor or his suppliers' copies of invoices, bills of materials or receipts. The statement may be impressed by rubber stamp. It will be in Turkish and read as follows.

"So much of this bill as consists of the production tax and taxes and charges computed thereon is paid under protest because these materials will be used in the performance of a contract with the United States Government (Contract No. \_\_\_\_\_) in the furtherance of collective and common defense efforts." The Contractor will maintain a copy of eh receipt, bill of materials, or invoice with his contract file for a period of three years, unless he submits such receipts, etc., to the Contracting Officer at an earlier date. The Contracting Officer may demand these receipts, etc., will contain the aforementioned payment under protest statement or a statement of the Contractor that the materials or supplies

concerned were paid for under protest.

4.11.9.4 Prior to ordering any materials or supplies, the Contractor will advise each prospective supplier that the materials are to be used for the fulfillment of a contract with an agency of the Government of the United States of America. The Contractor will seek exemption from these taxes, or failing this, a refund. If he is unable to obtain either exemption or refund, he will advise the supplier that any portion of the supplier's invoice which includes the production tax will be paid under protest because the materials are to be used for the fulfillment of a contract with an agency of the Government of the United States of America.

4.11.9.5 The Contractor will include production taxes and taxes and charges computed thereon in his offer.

## 5 International Agreements - Panama.

5.1 All contractors are required to abide by the Panama Canal Treaty.

5.2 The Security Requirements applicable to Howard AFB are the same as any Air Force installation. All base security passes are issued by the 24 24 SPS/SPAP organization, ATV 284-5748.

5.3 The standards of conduct required in Panama are the same as any other country.

5.4 All materials arriving in Panama are processed through customs at the Balboa Port. Customs sometimes take several days to process material documents. Suggestion: There is a MAC terminal on base. Contact MAC transportation officials at Charleston AFB, SC and have materials flown into the terminal which will insure delivery and expedite the Contractor's performance. Have MAC transportation officials contact the MAC terminal at HOWARD AFB to approve acceptance and customs clearance through the MAC terminal.

5.5 The official currency of Panama is the Balboa. Only coins are produced using the Balboa identification and the coins are made in the USA. The exchange rate is one for one for US currency. Paper currency is the US Dollar.

5.6 Benefits and Obligations of Designated Contractor Personnel. The data contained herein is intended only as a general guide; it should not be used or relied on as a substitute for the SOA provisions applicable to designated contractors. Present and prospective US Forces designated contractors should consult their own legal representatives for information on the applicability of specific Panamanian laws and regulation to US Forces designated contractors.

5.6.1 Designated contractors of the US Forces are subject to the Laws and regulations of the Republic of Panama, except with respect to the special regime established by Article XII of the Agreement in Implementation of Article IV (SOFA) of the Panama Canal Treaty of 1977. The special regime includes the following obligations and benefits:

5.6.1.1 The Contractor must engage exclusively in activities related to the execution of the work for which he has been contracted by the US Forces, or related to other works or activities authorized by the Republic of Panama.

5.6.1.2 The Contractor shall enter and depart from the territory of the Republic of Panama in accordance with procedures prescribed for members of the civilian component in Article XIII (Entry and Departure) of the SOFA. To enter or leave the territory of the Republic of Panama, such persons, in addition to the travel documentation issued by US military authorities, must possess a valid passport. Such documentation shall be presented to the appropriate authorities of the Republic of Panama.

5.6.1.3 The Contractor must obtain a certificate of professional identity which the proper authorities of the US Forces shall issue when they are satisfied he is duly qualified. This certificate shall be sufficient to permit him to operate under Panamanian law as a Contractor of the Forces. Nevertheless, the Panamanian authorities may require the registration of the appropriate documents to establish juridical presence in the Republic of Panama.

5.6.1.4 The Contractor shall not be obliged to pay any tax or other assessment to the Republic of Panama on income derived under a contract with the US Forces as long as he is taxed at a substantially equivalent rate in the United States.

5.6.1.5 The Contractor may move freely within the Republic of Panama, and shall have exemptions from customs duties and other charges, as provided for members of the civilian component in Articles XV (Movement, Licenses and Registration of Vessels, Aircraft and Vehicles) and XVII (Import Duties).

5.6.2 The vehicles, trailers, vessels and aircraft belonging to the contractors shall move freely within the Republic of Panama, in compliance with the traffic regulations and those regarding the annual mechanical inspection.

5.6.3 Except for the exemptions provided for in SOFA Article XVIII, contractors shall be subject to the laws and regulations administered by the customs authorities of the Republic of Panama. All property imported by contractors and subcontractors for the official use or benefit of the US Forces in connection with the various activities authorized under the said

Article, shall be exempt from the payment of all customs duties or other taxes and charges and from all license requirements.

5.6.4 Property consigned to or imported for the personal use of contractors shall be subject to the payment of import duties or other import taxes, except for the following:

5.6.4.1 Furniture, household goods and personal effects imported by such persons for their private use within six months following their first arrival in the Republic of Panama.

5.6.4.2 Vehicles imported by such persons for their private use, and the spare parts required for proper maintenance of such vehicles. Limitations on the quantity and frequency are established by the Joint Committee.

5.6.4.3 A reasonable quantity of articles for the private use of such persons, as determined by the US Forces, imported as personal baggage or sent into the Republic of Panama through the military post offices of the United States.

5.6.4.4 Such other imports as may be expressly authorized by the competent authorities of the Republic of Panama at the request of the US Forces.

5.6.5 All property imported into the Republic of Panama free of customs duties and other taxes pursuant to paragraphs (6)1e(3) above may be exported free of customs duties, export permits or other export taxes and assessments. All property acquired in the Republic of Panama by contractors for their private use may be exported free of customs duties, export licenses or other export taxes and charges.

5.6.5.1 The Contractor may use public services and installations in accordance with the terms and conditions of Article XIV (Services and Installations) of the SOFA, but shall pay non-discriminatory highway tolls and taxes on plates for private vehicles. The Contractor may use public services and installations belonging to or regulated by the Government of the Republic of Panama, but the terms and conditions of use, prices, rates and tariffs and priorities shall not be unfavorable in relations to those charged other users.

5.6.5.2 The Contractor shall be exempt from any taxes imposed on depreciable assets belonging to him, other than real estate, which are used exclusively for the execution of contracts with the US Forces.

5.6.5.3 The Contractor may use the services and facilities provided for in Articles X (Military Post Offices) and XVIII (Health, Sanitation and Education) of the SOFA to the extent such use is authorized by the US Forces.

5.6.5.4 Housing shall be available for occupancy by contractors and dependents on Defense Sites only as authorized by the US Forces.

5.6.5.5 Contractor property located on Defense Sites is subject to seizure or attachment by order of a competent authority under Panamanian law. This is not applicable to that personal property which, although privately owned, is in use by or on behalf of the US Forces, as determined by the US Forces.

5.6.5.6 US Forces contractors are not authorized to use commissaries, military exchanges, military clubs, local recreational service facilities, credit unions, military service stations and other similar military retail outlets and services. They may, however, be entitled to use such facilities and services if they enjoy another status, such as spouse of a DOD employee, that would entitle them to do so.

5.6.5.7 The US Forces shall withdraw the designation of a contractor when any of the following circumstances occur:

5.6.5.7.1 Upon completion or termination of the contracts with the US Forces.

5.6.5.7.2 Upon proof that such contractors are engaged in business activities in the Republic of Panama other than those pertaining to the US Forces, without authorization of the Republic of Panama.

5.6.5.7.3 Upon proof that such contractors are engaged in practices which in view of the Republic of Panama constitutes serious violations of the applicable laws of the Republic of Panama. The above information also applies to subcontractors and to employees of contractors and subcontractors and their dependents who are national or residents of the United States. These employees and dependents shall not be subject to the Panamanian Social Security System.