PGI 229.70 -SPECIAL PROCEDURES FOR OVERSEAS CONTRACTS

(See DFARS subpart Subpart 229.70 - SPECIAL PROCEDURES FOR OVERSEAS CONTRACTS)

Parent topic: PGI Part 229 - TAXES

PGI 229.7000 Scope of subpart.

This subpart prescribes procedures to be used by contracting officers to obtain tax relief and duty-free import privileges when conducting U.S. Government acquisitions in certain foreign countries.

PGI 229.7001 Tax exemption in Spain.

(a) The Joint United States Military Group (JUSMG), Spain Policy Directive 400.4, or subsequent directive, applies to U.S. contracting offices acquiring supplies or services in Spain when the introduction of material or equipment into Spain is required for contract performance.

(b) Upon award of a contract with a Direct Contractor, as defined in the clause at DFARS 252.229-7004, the contracting officer will notify JUSMG-MAAG Madrid, Spain, and HQ 16AF/LGTT and will forward three copies of the contract to JUSMG-MAAG, Spain.

(c) If copies of the contract are not available and duty-free import of equipment or materials is urgent, the contracting officer will send JUSMG-MAAG three copies of the Letter of Intent or a similar document indicating the pending award. In these cases, authorization for duty-free import will be issued by the Government of Spain. Upon formal award, the contracting officer will forward three copies of the completed contract to JUSMG-MAAG, Spain.

(d) The contracting officer will notify JUSMG-MAAG, Spain, and HQ 16AF/LGTT of ports-of-entry and identify the customs agents who will clear property on their behalf. Additional documents required for port-of-entry and customs clearance can be obtained by contacting HQ 16AF/LGTT. This information will be passed to the Secretaria General Tecnica del Ministerio de Hacienda (Technical General Secretariat of the Ministry of Finance). A list of customs agents may be obtained from the 600 ABG, APO AE 09646.

PGI 229.7002 Tax exemption in the United Kingdom.

This section contains procedures to be followed in securing relief from the British value added tax and import duties.

PGI 229.7002-1 Value added tax.

(a) U.S. Government purchases qualifying for tax relief are equipment, materials, facilities, and services for the common defense effort and for foreign aid programs.

(b) To facilitate the resolution of issues concerning specific waivers of import duty or tax exemption for U.S. Government purchases (see PGI 229.7002-3), contracting offices shall provide the name and activity address of personnel who have been granted warranted contracting authority to Her Majesty's (HM) Customs and Excise at the following address: HM Customs and Excise, International Customs Division G, Branch 4, Adelaide House, London Bridge, London EC4R 9DB.

PGI 229.7002-2 Import duty.

No import duty shall be paid by the United States and contract prices shall be exclusive of duty, except when the administrative cost compared to the low dollar value of a contract makes it impracticable to obtain relief from contract import duty. In this instance, the contracting officer shall document the contract file with a statement that—

(a) The administrative burden of securing tax relief under the contract was out of proportion to the tax relief involved;

(b) It is impracticable to secure tax relief;

(c) Tax relief is therefore not being secured; and

(d) The acquisition does not involve the expenditure of any funds to establish a permanent military installation.

PGI 229.7002-3 Value added tax or import duty problem resolution.

In the event a value added tax or import duty problem cannot be resolved at the contracting officer's level, refer the issue to HQ Third Air Force, Staff Judge Advocate, Unit 4840, Box 45, APO AE 09459. Direct contact with HM Customs and Excise in London is prohibited.

PGI 229.7002-4 Information required by HM Customs and Excise.

(a) *School bus contracts*. Provide one copy of the contract and all modifications to HM Customs and Excise.

(b) *Road fuel contracts*. For contracts that involve an application for relief from duty on the road fuel used in performance of the contract, provide—

(1) To HM Customs and Excise—

(i) Contract number;

(ii) Name and address of contractor;

(iii) Type of work (e.g., laundry, transportation);

(iv) Area of work; and

(v) Period of performance.

(2) To the regional office of HM Customs and Excise to which the contractor applied for relief from the duty on road fuel—one copy of the contract.

(c) *Other contracts awarded to United Kingdom firms*. Provide information when requested by HM Customs and Excise.