

**TAXATION**

**Reimbursement**

**Agreement Between the  
UNITED STATES OF AMERICA  
and the ORGANIZATION FOR THE  
PROHIBITION OF CHEMICAL WEAPONS**

Signed at The Hague February 25, 1999

*with*

Annex



NOTE BY THE DEPARTMENT OF STATE

Pursuant to Public Law 89—497, approved July 8, 1966  
(80 Stat. 271; 1 U.S.C. 113)—

“ . . .the Treaties and Other International Acts Series issued under the authority of the Secretary of State shall be competent evidence . . . of the treaties, international agreements other than treaties, and proclamations by the President of such treaties and international agreements other than treaties, as the case may be, therein contained, in all the courts of law and equity and of maritime jurisdiction, and in all the tribunals and public offices of the United States, and of the several States, without any further proof or authentication thereof.”

**ORGANIZATION FOR THE PROHIBITION  
OF CHEMICAL WEAPONS**

**Taxation: Reimbursement**

*Agreement signed at The Hague February 25, 1999;  
Entered into force February 25, 1999.  
With annex.*

TAX REIMBURSEMENT AGREEMENT BETWEEN  
THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND  
THE ORGANIZATION FOR THE PROHIBITION OF CHEMICAL WEAPONS

This Agreement is made between the Government of the United States of America (hereinafter "United States") and the Organization for the Prohibition of Chemical Weapons (hereinafter "OPCW"), together "the Parties."

In view of the fact that the Preparatory Commission for the OPCW ceased to exist on May 16, 1997, the Parties recognize the importance of concluding a further agreement concerning tax reimbursement for OPCW staff members.

It is the intent of the United States to assume sole responsibility pursuant to this Agreement for funding the reimbursement of taxes to officials of OPCW who are subject to United States tax law as United States citizens or permanent resident aliens.

It is the intent of OPCW to place the reimbursement of United States income tax to its officials on a sound basis.

The Parties are desirous of concluding an agreement on reimbursement to OPCW officials of United States Federal, state, and local income tax and self-employment tax levied under United States law on the income they receive as compensation for official services rendered to OPCW (hereinafter "institutional income").

THE PARTIES AGREE AS FOLLOWS:

1. The Parties agree that OPCW shall assume the rights and responsibilities of the Commission under the Tax Reimbursement Agreement between the Government of the United States of America and the Preparatory Commission for the Organization for the Prohibition of Chemical Weapons ("the PrepCom Agreement").
2. OPCW shall reimburse OPCW officials paid from the regular budget who are liable for and pay the United States Federal self-employment tax and United States Federal, state, and local income taxes on their OPCW institutional income as defined in the Annex to this Agreement, the amount of those taxes, under the terms and



conditions set forth below. This Agreement does not cover officials paid from voluntary funds. An advance payment made by OPCW relating to the estimated tax liability of a staff member during a current year will be treated as reimbursement, provided that such payment is effected by an instrument payable to the Internal Revenue Service or counterpart body of the taxing state or local government.

3. Subject to the availability of appropriated funds, the United States shall reimburse OPCW for each taxpayer an amount not to exceed the tax that would be due if the specified categories of OPCW income were the taxpayer's only income, taking into account any special tax benefits available to United States taxpayers employed abroad, as well as the deductions and personal exemptions otherwise allowed.

4. Officials who seek reimbursement of taxes under this Agreement shall claim all deductions, exemptions, or exclusions to which they are entitled under applicable tax legislation and regulations.

5. For purposes of United States Federal income tax, deductions, exemptions, and adjustments to income shall be apportioned on a pro rata basis between taxable OPCW institutional income and private income for the purposes of calculating tax reimbursement, except where deductions and exemptions relate to a specific category of income. "Taxable OPCW institutional income" means the amount of OPCW income subject to tax after the application of the foreign earned income exclusion.

6. Both Parties shall take all possible measures to reduce or eliminate the burden resulting from the cumulative effect of tax reimbursements being treated as taxable income.

7. The OPCW officials who seek reimbursement of taxes under this Agreement are themselves responsible for complying with any income tax laws applicable to them; penalties, interest, or other charges resulting from noncompliance with such laws shall not be reimbursed by OPCW.

8. Each official claiming tax reimbursement shall determine the status defined by United States tax law under which that official files an income tax return,

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reimbursement being made on the basis of the status under which taxes are in fact being paid.

9. OPCW shall maintain separate accounting of the tax reimbursements covered by this Agreement. OPCW shall require each official receiving tax reimbursement to authorize OPCW to obtain confirmation from the United States Internal Revenue Service and state and local government counterpart bodies, as appropriate, of the tax liability of that official and the payment of the tax due. OPCW shall require each official to provide it with all the materials necessary to verify that the amounts claimed under this Agreement from OPCW are the same as the tax liability the official reports and the tax payments the official in fact makes.

10. Checks by OPCW for payment of estimated taxes shall be made payable to the Internal Revenue Service, or counterpart body of the taxing state or local government, and checks for reimbursement of taxes already paid by an official shall be made payable to the official concerned.

11. Reimbursement of the United States Federal self-employment taxes shall equal the difference between the amount the official pays as a result of the official's classification as a self-employed person, less any applicable tax credit arising from the same qualification, and the amount the official would have to pay in social security (Old Age Survivors and Disability Insurance) taxes and health insurance (Medicare) taxes were the official classified as an employee.

12. The principles embodied in the present Agreement on reimbursement of Federal taxes equally constitute the basis for the reimbursement of state and local taxes.

13. The United States shall reimburse OPCW on the basis of a certification that reimbursements have been made by OPCW to United States citizens, or others who are liable to pay United States income taxes. The certification shall set forth the names and United States social security numbers of the OPCW officials reimbursed, the total of OPCW income against which the United States tax has been paid (that is, institutional income as defined in the Annex), the amounts reimbursed to OPCW officials, the tax year for which reimbursement is made, and the year in which reimbursement is made for each category of tax



specified in Article 2 and affirm that their salaries and benefits are paid from the regular budget as required by Article 2. This information shall be provided yearly to the United States before October first of each year.

14. The United States shall deposit with OPCW at the earliest possible date following receipt of the certification specified in Article 13 a sum sufficient to cover all tax reimbursements paid by OPCW with respect to preceding tax years, in accordance with this Agreement.

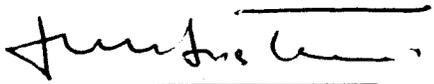
15. Subject to the availability of funds, the United States and OPCW may agree to a reimbursement for such reasonable and necessary expenses as OPCW may incur in connection with the implementation of the administrative procedures required to carry out the provisions of this Agreement.

16. This Agreement shall enter into force upon signature by the Parties and shall be terminated by either Party on December 31 of the year following the year in which notice is given in writing to the other Party. Should the United States conclude a tax reimbursement agreement with any other international organization substantially more favorable to that organization or its officials than the present Agreement, the latter shall be modified to extend to OPCW the benefit of the former, subject to the agreement of the United States, which shall not unreasonably be refused.

17. Any difficulties arising from the implementation of this Agreement shall be resolved by consultations between the Parties.

DONE in duplicate, in the English language, at The Hague, this 25 day of February 1999.

FOR THE ORGANIZATION  
FOR THE PROHIBITION OF  
CHEMICAL WEAPONS:

  
\_\_\_\_\_  
Jose M. Bustani  
Director General

FOR THE GOVERNMENT OF THE  
UNITED STATES OF AMERICA:

  
\_\_\_\_\_  
William J. Miller  
Permanent Representative  
United States Permanent  
Delegation to the OPCW

ANNEX

A. Particulars of Institutional Income

"Institutional income," as used in this Tax Reimbursement Agreement, includes only the following particulars of compensation:

- Base salary
- Post Adjustment, including rental subsidies
- Salary increases, including merit increments
- Overtime
- Night differential
- Dependency allowance
- Education grant and related travel
- Home leave travel
- Termination indemnity
- Lump-sum payments for unused annual leave
- Assignment grant
- Removal expenses
- Repatriation grant
- Reimbursement of United States Federal, state, or local income tax payments and United States self-employment tax payments on institutional income.
- Language allowance
- Installation allowance
- Non-resident allowance

Should OPCW approve the addition, modification, or deletion of any elements of institutional income, this Annex may be modified by an exchange of letters, subject to the agreement of the United States, which shall not be unreasonably refused.

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