

Translation

**MINISTRY OF ECONOMY AND FINANCE
(SPAIN)**

9654 RESOLUTION of 9 May 2008, by the Directorate General for Taxation, acknowledging the exemption from Tax on Income of employees of U.S. Consular Offices in Spain, except for those who have Spanish citizenship and do not have U.S. citizenship.

In application of Article 21 of the Convention between the Kingdom of Spain and the United States of America for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income, of 22 February 1990, remuneration paid to employees of U.S. Consular Offices in Spain who were residents of Spain prior to being hired by said Consular Offices or held Spanish citizenship, may only be subject to taxation in Spain.

The Treaty between the United States and Spain of Friendship and General Relations, of 30 July 1902, establishes in its Article XXVIII that “The Consuls-General, Consuls, Vice-Consuls and Consular Agents, as likewise the Consular Chancellors, Secretaries or Clerks of the High Contracting parties shall reciprocally enjoy in both countries all the rights, immunities and privileges which are or may hereafter be granted to officials of the same grade of the most favored nation.

Both Spain and the United States have signed Consular Agreements with the United Kingdom of Great Britain and Northern Ireland, which recognize the tax exemption of the remuneration, salaries, wages or official allowances received by consular employees in return for their services in the Consulates.

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Therefore, in application of the “most favored nation” clause in Article XXVIII of the Treaty of Friendship of 1902, this Directorate General has considered it appropriate to issue the following resolution:

By way of reciprocity, the remuneration received by the employees of the Consular Offices of the United States in Spain, except for those with Spanish citizenship who do not possess U.S. citizenship, are considered exempt from Tax on Income.

This Resolution shall be applicable as of 1 January 2007, the year in which the two States recognized the reciprocity of the “Most Favored Nation” clause as set forth in Article XXVIII of the Treaty of Friendship of 1902.

Madrid, 9 May 2008.-The Director General of Taxation, José Manuel de Bunes Ibarra.