

AGREEMENT
on the Status of the
International School in Belgrade
between the United States of America and Serbia and Montenegro

The United States of America and Serbia and Montenegro (hereinafter 'Contracting Parties')

- Recognizing a mutual interest in strengthening cultural ties between the peoples of Serbia and Montenegro as well as of the peoples of the countries represented at the International School in Belgrade;
- mutually recognizing the importance of an English language international school in Belgrade, which will be open to students from Serbia and Montenegro who wish to receive education under the curriculum of the International School in Belgrade; and
- Guided by the desire to regulate the status of the International School in Belgrade as well as by the intention to establish an International School in the Republic of Montenegro;

Have agreed as follows:

Article 1

The International School in Belgrade (hereinafter the 'School') is a non-profit institution that has a status of a legal entity with the right to be registered with the appropriate registry office with an authorized state institution.

The School operations shall be governed by the laws and regulations of Serbia and Montenegro (hereinafter: 'Member States') unless otherwise provided by this Agreement.

Article 2

The School applies its educational programs in elementary and secondary education and consists of an elementary and a secondary school with a total of 14 grades.

School certificates and reports issued by the School correspond to the school system in the United States of America and/or another that is in compliance with the School curriculum.

Article 3

The School is governed by the School Board. The appointment of the School Board, the management and working methods as well as other issues relevant for School operations shall be defined in the School Rule Book.

Article 4

Subject to available spaces, the School shall admit students whose English knowledge is sufficient to follow the course of instruction, provided that this does not prevent the admission of students whose mother tongue is English.

The School is entitled to offer scholarships to promote the admission of students from Member States. The School Board is authorized to establish a scholarship program.

Article 5

The School shall collect a tuition fee set by the School Board. The tuition shall be calculated in U. S. dollars except for the Member States' citizens and individuals with permanent domicile in the territory of Serbia and Montenegro who will pay the tuition fee in Member States' national currencies as per the effective exchange rate. The School Board may approve the exemption of tuition fee payment or decrease the tuition rate for some students depending on financial circumstances.

Article 6

The School shall employ teaching and other staff through the School Board from abroad or locally from Member States in order to meet the staffing requirements.

The salaries and other benefits of the staff shall be provided from the School budget that will be established by the School Board.

The staff not citizens of Member States shall be issued work permits by the local authorities in compliance with Member States' laws and regulations on employment of foreign citizens.

Article 7

The Member States shall:

- 1) Exempt the School from the payment of customs duty and other import taxes, value added tax (VAT) as well as from any other dues and taxes except from the excise tax for the purchase of goods and services under the condition that they are related to educational operations of the School or to the construction, leasing or maintenance of school facilities.
- 2) Exempt the School from the payment of customs duty and other import taxes as well as from value added tax (VAT) for the purchase of construction material, furniture, vehicles, teaching material, audiovisual equipment, and sports equipment to be used by the School.
- 3) Exempt the School from VAT payment on tuition.
- 4) Exempt the School from taxes payable on real estate used by the School for educational purposes and from the payment of taxes on absolute rights

transfer and the taxes on inheritances and gifts on every turnover when it is the function of the School's educational operations.

- 5) Exempt the School staff residing in the territory of Serbia and Montenegro for the purpose of the performance of work related to the School from the payment of income tax and social security contributions on the income realized based on School employment.
- 6) Entitle the School staff members and their family members to import and export goods free of customs duty, other import taxes, VAT and other fees, except for excise tax, for goods for personal use as well as for household goods inclusive of one car that has been purchased abroad for each employee and imported to a member state within six (6) months from the date of employment with the School.

Such imported goods may be alienated or transferred for use to a third person within three (3) years from import date only upon the full payment of customs duty, VAT and other dues that have not been paid when these goods were imported. The School staff and their family members shall be required to pay storage cost and transportation, as well as any other public charges.

The privileges from this article cannot be used either by the citizens of Member States or by permanently residing foreign citizens.

- 7) Approve salaries and other benefits of the staff to be paid by the School in U. S. dollars.
- 8) Approve the School to obtain real estate property in the Member States as well as to carry out construction thereon in accordance with the Member States' laws and regulations provided it is related to the School's educational operations and activities.

Article 8

School staff from Article 7 shall mean the director and teachers of the School, and personnel providing administrative and operational duties provided that they are neither citizens of Member States, nor permanently residing foreign citizens in the territory of Serbia and Montenegro.

Article 9

The exemption from VAT payment as stipulated in Article 7 of this Agreement is based on the certificate issued by an institution authorized for foreign affairs, in the manner and as per the procedure for tax exemption for international organizations in accordance with the regulations governing the value added tax.

Article 10

The Member States shall have no obligation to provide premises, equipment, teaching material, expendable supplies, construction material, etc. for the purpose of School operations.

Article 11

The documents required for entry, stay and employment as well as other appropriate documents shall be issued by an authorized state institution to the school employees.

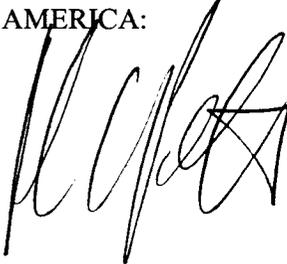
Article 12

This Agreement shall be provisionally applied from the signature date, and shall enter into force on the day of the receipt of the last written notification, through diplomatic channels, by which the Contracting Parties inform each other that all conditions stipulated in their national legislation for its entry into force have been fulfilled.

Each Contracting Party may terminate this Agreement by notifying the other Contracting Party in writing, through diplomatic channels. In case of termination, this Agreement shall be invalid upon the expiration of the period of two years from the date of the school year completion during which the written notification on the Agreement termination has been received.

Done in Belgrade, on this5..... day of JUNE, 2006, in two original copies, both in the English and Serbian languages, each text being equally authentic.

FOR THE UNITED STATES OF AMERICA:



FOR SERBIA AND MONTENEGRO:

