

3.4.2.4 Taxes--Fixed-Price Contracts with Foreign Governments (February 2003)

(a) 'Contract date,' as used in this clause, means effective date of this contract, or if a modification, the effective date of the modification.

(b) The contract price, including the prices in any subcontracts under this contract, does not include any tax or duty that the Government of the United States and the Government of _____ [insert name of the foreign government] have agreed shall not apply to expenditures made by the United States in _____ [insert name of country], or any tax or duty not applicable to this contract or any subcontracts under this contract, pursuant to the laws of _____. [insert name of country]. If any such tax or duty has been included in the contract price, through error or otherwise, the contract price shall be correspondingly reduced.

(c) If, after the contract date, the Government of the United States and the Government of _____ [insert name of the foreign government] agree that any tax or duty included in the contract price shall not apply to expenditures by the United States in _____ [insert name of country], the contract price shall be reduced accordingly.

(d) No adjustment shall be made in the contract price under this clause unless the amount of the adjustment exceeds \$250.

(End of clause)

PRESCRIPTION

Shall be used in RFI/RFPs and contracts which are fixed price and with a foreign government. The Contracting Officer should insert appropriate information in the clause.