

TAXES --- COST REIMBURSEMENT CONTRACTS WITH FOREIGN GOVERNMENTS

- (a) Any tax or duty form which the United States Government is exempt by agreement with the Government of ...*[insert name of the foreign government]*, or from which any subcontractor under this contract is exempt under the laws of ... *[insert name of country]*, shall not constitute an allowable cost under this contract.

- (b) If any subcontractor obtains a foreign tax credit that reduces its Federal income tax liability under the United States Internal Revenue Code (Title 26, U.S. Code) because of the payment of any tax or duty that was reimbursed under this contract, the amount of the reduction shall be paid (not credited to the contract) to the Treasurer of the United States at the time the Federal income tax return is filed.