



United States Agency for International Development  
West Bank and Gaza Mission

November 13, 2003  
REF: 2004-WBG-04

**TO USAID CONTRACTORS ON ATTACHED LIST**

**SUBJECT: FINAL REMINDER - REGISTRATION FOR 0% VAT STATUS**

Dear Contractors:

This letter serves to remind you that the VAT registration requirement – due on October 10, 2003 has not yet been met by your organization. As previously communicated to you, VAT is an extremely sensitive and important issue for our Mission, and for USAID worldwide. Our earlier notice, dated October 1, 2003 informed all contractors about this policy and provided instructions with respect to the registration process.

Please be reminded that it is USAID policy not to pay VAT and custom duties. Careful attention must be paid to avoiding VAT whenever possible and, failing that, obtaining valid VAT receipts so that USAID may seek VAT refunds from tax authorities. Failure to do so could put the Mission's programs in jeopardy and possibly lead to a USAID determination that VAT costs are unallowable. As all our grantees currently have 0% Palestinian VAT status, a process is currently available that should enable grantees to avoid payment of Palestinian VAT, which should greatly limit Section 579 reporting. As we previously notified you, for our contractors we implemented the simplified registration process with the PA that has resulted in 0% Palestinian VAT for all our contractors. We provided you all the data needed and how to submit it as specified below:

“To begin the registration process, all contractors must submit to USAID the data required for registration. Please use the attached Excel sheet for this purpose, and submit the information to Abeer Odeh of our Financial Management Office via E-mail (aodeh@usaid.gov) by October 10, 2003. USAID will then submit the data to the Ministry of National Economy.”

We appreciate your full cooperation for us to comply with USAID regulations. If you need additional information please do not hesitate to contact me or Ms. Erin McKee with any questions or concerns related to the registration process.

Sincerely,

(Signature on file)  
Erin Elizabeth McKee  
Contracting Officer

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