



USAID | WEST BANK/GAZA

FROM THE AMERICAN PEOPLE

October 15, 2010
2011-WBG-01

To: All USAID/West Bank and Gaza Contractors, Grantees and Recipients

Subject: Zero Value Added Tax (VAT) for USAID projects in Gaza

Dear Implementing Partners,

The purpose of this notice is to remind all partners of the decree issued by President Abbas on July 15th 2007 that eliminated VAT and certain other taxes and fees in the Southern Government (Gaza). On August 14, 2007, USAID/West Bank and Gaza issued Mission Notice No. 2007-WBG-25, which provided a zero tax exemption letter form the Ministry of Finance for avoiding VAT at the point of sale in Gaza, in accordance with the Presidential decree. This notice is available on the USAID/West Bank and Gaza website at www.usaid.gov/wbg, under Partners Resources.

All implementing partners are encouraged to utilize the zero tax exemption letter, in order to avoid paying VAT in Gaza. Any VAT payments or other taxes or fees incurred in Gaza that were eliminated by the presidential decree are unallowable costs under USAID funded programs.

For the purpose of any future financial audits under your program, any invoice which does not indicate zero VAT will be considered to include VAT and therefore may be subject to an audit finding and determination of unallowability by the Contracting/Agreement Officer.

Should you have any questions or concerns please feel free to contact Ms. Reine Joubran, Acquisition Supervisor at rjoubran@usaid.gov or Mr. George Shoufani, Chief Financial Analyst at gshoufani@usaid.gov.

Sincerely,

Bruce Gelband
Director, Office of Contracts Management
USAID West Bank and Gaza