

**EXCHANGE OF NOTES CONSTITUTING AN AGREEMENT BETWEEN
THE REPUBLIC OF THE PHILIPPINES AND THE UNITED STATES
OF AMERICA SUPPLEMENTING THE MILITARY BASES
AGREEMENT OF 14 MARCH 1947, FOR THE COLLECTION OF
TAXES FROM SALES OF MOTOR VEHICLES WITHIN THE
MILITARY BASES**

Note: The Agreement entered Into force, December 29, 1965.

No. 175

The Department of Foreign Affairs presents its compliments to the Embassy of the United States of America and has the honor to acknowledge the receipt of the Embassy's note No. 521 dated December 28, 1965 which reads as follows;

"The Embassy of the United States of America presents its compliments to the Department of Foreign Affairs and has the honor to refer to recent discussions between officials of the two governments regarding procedures to govern the sale of privately owned motor vehicles by tax-exempt personnel at the United States bases to non-tax-exempt persons in the Philippines.

"During these discussions the two governments recognized that it is the right and responsibility of the Philippine Government to collect from the buyer those taxes which may be due at the time the sales in question take place, and that United States base officials should cooperate by requiring base personnel to deliver the automobiles sold to the buyers in the presence of Philippine customs officials to afford the Philippine Government a proper opportunity to collect the taxes. With this in mind it was agreed that the Philippine Government would establish and maintain outside but near Clark Air Base, Subic Bay Naval Base, and Sangley Point Naval Base a Bureau of Customs Office/Facility for these purposes. Agreement was also reached on the following procedures for the sales in question:

"1, All aspects of the sale (except only the delivery of the vehicle as described below) including full payment will be accomplished by the buyer and seller on the base and in accordance with procedures promulgated by appropriate military authorities. The sale will be final for all purposes upon payment of the consideration stated in the Bill of Sale, Upon completion of the sales transaction a copy of the Bill of Sale will be forwarded to the office of the PMLO.

"2. After necessary processing of the vehicle by base authorities, the seller and buyer will proceed immediately with the vehicle to the Bureau of Customs Office/Facility located outside but near the base for the purpose of turning the vehicle over to the buyer in the presence of the Customs authorities. The Deputy Collector of Customs or his duly