

24

RG 25/28/2/1.

RECORD

NOTE. This file must always be passed on VIA the REGISTRY.

(43102D) Wt P768/276 5M 8/45 H I R & L Gp 51

Mr. Dawa.	2-7-47
Mr. Aicken on return	
Registry PA	D2/7
Mr. W. J.	16-7-47
Mr. Aicken	12/11/47
P.A.	3-12-47.
Mr. Aicken	5-12-47.
P.A.	8-12-47.

NOTE.—Do not retain this File unnecessarily.

WT. P2204 200 2M 3/46 TCF JR.

copy.
copy sent to: - Nagy House
Piazzo del Vista
Rina Nagano
Lazio
Trieste

IR 8/1/28/1

copy dg. ✓

10th July 1947.

To: Deputy Controller

From: Controller

Subject: Settlement of AMG. Claims in Trieste



As to charges arising out of the operation at Aquila and the other costs relating to acquisition of POL, I believe that the memorandum of 25th June 1947 correctly sets forth our position, and that we should pursue the matter along the lines recommended.

However, Mr Trevaldwyn of the War Office has indicated that he would be willing to consider a settlement here in London of all outstanding AMG charges in Trieste, and seems favourable to a lump sum settlement in non-convertible sterling, which would be considerably less than the hard money cost of the full amount of lire.

While the War Office represents only one part of the Control Commission Government of Trieste, Mr. Trevaldwyn is of the opinion that their recommendation would be tantamount to acceptance.

I would therefore suggest that we send this memorandum at once to A.V.M. Saul, with instructions to confirm the amounts to be settled. I should not think it necessary for you to get in touch with Colonel Beard or AMG because while I was in Trieste we examined all of these figures and agreed upon the totals, and it probably would not be advisable at this stage to indicate that the matter may be settled in London.

Promptly upon receipt of these figures, we should enter into negotiations with Trevaldwyn in an attempt to bring the matter to a speedy settlement.

The second important open item concerns the Turnover Tax. The original claim of more than 29,000,000 lire has been reduced to 7,000,000 because AMG admitted its negligence in enforcing the application of tax. We again believe that the attitude of the British Government and their instruction to their representative on the Control Commission would be controlling and we suggest that representations be made through Trevaldwyn to claim the exemption of UNRRA from the imposition of the tax. The tax actually is calculated on those who rendered service to UNRRA and is supposed to appear as an extra charge on our bills. Because our vendors assumed that we were tax free, no charges have been rendered against us, and AMG originally raised the claim that we should pay the UNRRA tax directly.

However, unless some speedy ruling is made exempting us from the tax, I would recommend that we accept a compromise.

This should be one of the matters to be settled with the War Office, for which Mr Munkman is the liaison.

H.E. HOWELL
Controller.

c.c. Mr Cohen
Mr Hoskins
Mr Munkman

A.V.M. Saul
Mr Hodgetts

MINUTE SHEET.

Reference.....

9th July, 1947.

To : P.R.D.G.

From : Controller

Can you ascertain whether the British Government as one member of the A.M.G. or governing body for Trieste, is willing to instruct its member that UNRRA should be completely exempted from the 3% turnover tax?

We will do the same in Washington.

H.E. Howell
H.E. HOWELL
Controller

2

26.
This matter should be taken up with H.M.S. by your department.

R.
9.7.

3

FO is looking into this question

Kaank
11/VII

4

Spoke to Shepherd (FO) who said FO had called Washington 17 July to take up this matter, indicating agreement with UNRRA over the tax, be withdrawn

Kaank
21/VII

D.G.25/28/2/1-KAA/AMA

Registry

WASHINGTON

(10)



Encl (6)
Your 25534 (pd) Chait from Aickin

- 1 Foreign Office adheres to view that UNRRA not repeat not liable turnover tax Trieste (pd) Foreign Office has again communicated with British Embassy Washington asking them to settle matter (pd) This was to follow up communication referred to by 18292

- 2 No further action possible here suggest you take up matter again with State Department and British Embassy

Distribution:-

Controller	G.C.	Deloit
D.C.	Mr. Hodgetts	D.M.A.
S.A.C.	P.R.D.G.	
D.M.A.	A.G.C.	

Office of General Counsel

Keith A. Aickin

K. A. AICKIN

December, 1947.

R. Y. L. 17

DG 25/28/2/1-KAA/AMA

⑨

8 December, 1947.

Dear Shepherd,

Thank you for your letter of 4 December, concerning turn over tax in Trieste. I hope that your further communication to the Embassy in Washington will enable the matter to be finally cleared up there. I am, myself, writing again to our Headquarters in Washington to inform them of the view which you have expressed and asking them to take the matter up again with the State Department and the Embassy.

Yours sincerely,

K. A. AICKIN
Assistant General Counsel

H. B. Shepherd, Esq.,
Foreign Office,
Whitehall,
London, S.W.1.

DESPATCHED BY
REGISTRY

8.12.47



AG 25/28/11

FOREIGN OFFICE,

S.W.1.

4th December, 1947.

INDEXED

Dear Aickin,

I am writing in reply to your letter to Edward Warner of yesterday as Warner is now in charge of the United Kingdom Delegation to E.C.E. in Geneva.

By a coincidence, your letter arrived just after I had written to the Embassy in Washington to ask them to try to speed up action in this matter. I had not consulted you before doing so as I assumed you would have let us know if, for any reason, you had heard of any further developments before they were reported to us. I was not, of course, aware of the misunderstanding to which you refer in your letter. Your Washington Headquarters will, I presume, have cleared this up but I will write again to the Embassy to put them in the picture. I have already reiterated our view that on the facts of the case, as presented by you, UNRRA should not be liable for these taxes.

Yours sincerely,

H.B. Shepherd.

H.B. Shepherd.

K.A. Aickin, Esq.,
Assistant General Counsel,
U.N.R.R.A.,
European Regional Office.



Ext:128

(7)

Reference: D.G.25/28/3-11AA/AMA

3 December, 1947.

Dear Warner,

In July of this year, we had some discussion with you and with Shepherd about U.N.R.R.A.'s liabilities to pay the turn-over tax imposed by the Allied Military Government in Trieste. U.N.R.R.A.'s position was that the imposition of this tax on U.N.R.R.A. was contrary to Resolution 16 of the U.N.R.R.A. Council, and that it was, therefore, not proper for a body, comprised of British and U.S. elements, to impose such a tax since both Governments had agreed to and given effect to Resolution 16.

I understood that the Foreign Office was in agreement with this view and had advised the Embassy in Washington to this effect, and requested them to take the matter up with the combined Civil Affairs Committee, with a view to the tax being withdrawn from U.N.R.R.A. My notes on the file indicate that this instruction was sent to the Embassy on 17 July, 1947.

We have now received word from our Washington Headquarters that A.M.G. Trieste has reported both to the U.S. State Department and to the Embassy, that U.N.R.R.A. had agreed to pay the tax up to a specific amount. This statement is apparently based upon a misunderstanding of discussions held by the U.N.R.R.A. Controller and A.M.G. Authorities early this year. The effect of those discussions was that agreement was reached on what the amount of the tax should be, if in fact, U.N.R.R.A. was liable to pay it but was without prejudice to U.N.R.R.A.'s view that the tax was not properly payable.

We are also informed by our Washington Headquarters that the State Department adheres to its view that U.N.R.R.A. is not liable and I should, therefore, be grateful for your confirmation that H.M.G. also adheres to the view which was expressed in July.

Yours sincerely,

KEITH A. AICKIN
Assistant General Counsel

E. R. Warner, Esq.,
Foreign Office,
Whitehall,
London, S.W.1.



DESTROYED BY
REGISTRY

3 12.47.

ED

Mr. Hodgett

8/11/47

I believe that most of
the information on this is
within the LSC although we
may have most of it in our
files.

Will you please gather
the story together and see
me before approaching Treadwell.

J. B.

1947 NOV 7 PM 5 47

CABLE NO. 25534 FROM WASH
READ OUT 7/11 RPT OUT 7/11
ACTION A/C
ATTENTION

(5)

Registry

OUTGOING CABLE

IG 25/28/2/1

ORIGINATED BY:
Office of G.C.
Mr. K.A. Aickin

LONDON.....TO.....WASHINGTON

No. 18292

D. 12.52 hrs. 22nd July, 1947

(En Clair)

=====

Chait from Aickin your 24136 Trieste Turnover Tax.

1. At Controller's request we took up matter with HMG. Understand Foreign Office agrees imposition of tax contrary to Resolution 16 and so informed Embassy on 17th July asking them to take up matter with U.S. authorities.
2. Understand Howell has full details amount of tax in question.
3. Please advise if further action required ERO.

COORDINATION: NONE

DISTRIBUTION: PRDG
D/C
G/C
COS
FA
AC
DRBC
DMA
Deloitte
DDMA (R&A)



KP/PM

(H)

✓

✓

OUTGOING CABLEGRAM.

CON.1 Trieste

Originated by:-

Dept. of Deputy Controller,
Mr. H. E. Howell,

LONDON.....TO.....WASHINGTON

No. 17777

D: 17th June, 1947
1202 hours.

En Clair

---o0o---

Chait from Howell.

Subject Trieste Turnover Tax.

1. Can you persuade Governments concerned to instruct their instrument, the Allied Control Commission at Trieste, that Resolution 16 Paragraph 2 (b) to wit "That supplies of the Administration in transit through a member governments country are not subjected to any burden of taxation" is applicable in Trieste and thus renders U.N.R.R.A. immune from turnover tax.

2. In event impossible so to do have worked out very reasonable compromise where twenty-nine million lire liability is reduced to approximately seven.

Coordinated with none.

Distribution.

D. C. (5)
P. R. D. G.
G. C. ✓
C. O. S.
F. A.
A. C.
D. R. B. C.
D. M. A.
Deloitte.

JS/EMK

UNITED NATIONS' RELIEF AND REHABILITATION ADMINISTRATION
OFFICE OF SENIOR REPRESENTATIVE, TRIESTE

TEL.: MAIN LINES: 5341, 5541, 29641
SENIOR REPRESENTATIVE: EXTENS. 231
SECRETARY : " 275
FINANCE & ADMIN. : " 206
SHIPPING & RAIL MOV. : " 296
PROTECTIVE DIVISION : " 287
CABLE ADDRESS: UNRRACENTRO

TRIESTE, 24th June 1947
Piazza dell'Unità Palazzo Lloyd (Navy House)

AIR MAIL

To : U.N.R.R.A.
European Regional Office,
Finance & Administration,
LONDON

From : UNRRA TRIESTE OFFICE,

Subject : Turnover Tax.

1. Reference is made to your cable No. 220 and to our today's reply (cable No. 193), in subject connection.

2. In compliance with your request, we attach herewith full text of 2 Orders issued by A.M.G. regarding Turnover Tax.

*sent to Mr. Chait
on Mr. Ward's
instructions.
3/7/47*

INDEXED

F.L. Budd-Budd

F.L. BUDD-BUDD
Finance Officer
UNRRA, TRIESTE

encl.

EE/Ma.
te



No Slip

ACTION COPY

INCOMING CABLE

RECEIVED FROM BUREAU SECTION
TIME 10:30
DATE 27/6
HRS.

A.B.

Action: Dept. Office of
General Counsel

2

Centro Trieste.....to.....London

No. 193
(En clair)

Dated: 25th June 1947
Rec'd: 25th June 1947
13.52 Hrs.

Encl

AVM Saul in conference with Gale from Budd Budd.
Re your 220 subject Turnover Tax.
Full text AMG orders being airmailed to-day.

ES/SH.

Dist. P.R.D.G.
C.F.A.
D.C.
Miss Cadigan

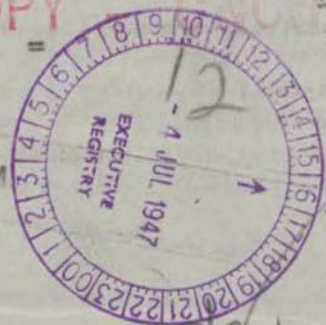
A.G.C.
F.A.
Registry



URGENT & IMPORTANT

DG25/25/21
OW

Centre
ADVANCE ACTION COPY



1947 JUN 25 PM 6 52

GB L LAN 1486 C CR IX 124 TRIESTE 28 25 1020 =

UNRRA LONDON =

UNCL 193 AVM SAUL IN. CONFERENCE WITH GALE FROM

BUDD BUDD PD REUR 220 SUBJECT TURNOVER TAX PD

FULL TEXT AMG ORDERS BEING AIRMAILED TODAY =

UNRRACENTRO +

~~193~~ ~~AVM~~ ~~BUDD BUDD PD~~ ~~220~~ ~~PD AMG~~ ~~CASE No.~~ 193

FROM
RECD

Centre. Lush

GB L LAN 1486

OK NOW +

Cont.

DATED	<i>General Council</i>
ACTION	
ATTENTION	

137

?

~~cen~~

XXXXXXXXXXXXX
TRIESTE

220

Ex. Reg



XXXXX

XXXXXXX

Budd-Budd from Saul STOP

Forward immediately full text of AMG Order relating to
three per cent turnover tax STOP

Office of the General Counsel

Air Vice-Marshal Saul (Trieste Office)

23rd June 1947



23/6/47

INCOMING MAIL - ACTION SLIP

Date 3/3 Ref.No. 85/1017Date received 16 MAR. 1941enter
P. A.

4/7

Department	Seen	Action
Senior UNRRA Representative	<u>R.E.S.</u> <u>6.3.47</u>	
Finance Officer		
Protective Division		
Shipping & Rail Div.	<u>Re</u>	<u>Action</u>
Secretary		
Registry		

Remarks:

Discuss with me.R.E.S.
6.3.47

16 MAR. 1947

4479

VENEZIA GIULIA

HEADQUARTERS, ALLIED MILITARY GOVERNMENT, ~~TRIESTE~~

Office of the Senior Civil Affairs Officer

ACB/elg/hm

VG/AMG/95/1017

3 March 1947

INDEXED

Subject: Turnover Tax (I.G.E.) 4%.

To : Senior Representative, UNRRA, Trieste. ✓

1. This is further to my letter VG/AMG/95/805 of 17 February 1947 in response to yours of 20 January on the above subject.

2. The Chief Finance Officer advises that the amount presently involved is 4,000 lire which is slightly more than \$10.00 or £12.10.0. This tax is required by law to be applied on all invoices excepting those issued to Allied Forces. ?

3. In view of the facts that:

a. The amount involved in the future is likely to be negligible and the question is, as you state, largely one of principle,

b. The question of principle is directly affected by the factor of lack of such direct benefit to this territory from UNRRA operations as is present in other countries providing exemption from similar taxation, and

c. Exemption would require modification of existing basic law involving time and expense far out of proportion to the amount involved,

it has been decided on the basis of legal, financial, and practical considerations that your request will not be favorably considered.



Long
Alfred C. Bowman
ALFRED C. BOWMAN
Colonel, J.A.G.D.

SENIOR CIVIL AFFAIRS OFFICER

Copies to:

Legal Division
Finance Division

INCOMING MAIL - ACTION SLIP

Date 17/2 Ref. No. 195/204Date received 19 FEB 1947

Department	Seen	Action
Senior UNRRA Representative	<i>REC 10-2-47</i>	
Finance Officer		
Protective Division		
Shipping & Rail Div.	<i>R</i>	<i>action</i>
Secretary		
Registry		



Remarks:

*Program with
us. REC
10/2/47*

19 FEB. 1947

2716

VENEZIA GIULIA

HEADQUARTERS, ALLIED MILITARY GOVERNMENT, ~~II CORPS~~

Office of the Senior Civil Affairs Officer ACB/hm

VG/AMG/95/804

17 February 1947

INDEXED

Subject: Turnover Tax (IGE) 4%.

To : Senior Representative, ✓
UNRRA Trieste.

1. I am sorry that acknowledgment of your letter of 29 January 1947 with reference to turnover tax has been delayed for such a long period. The reason has been primarily my absence from Trieste in Rome and Caserta.

2. I am impressed by the points raised in your first two paragraphs and think that they have considerable merit.

3. The argument of the concluding paragraph is, I think, more questionable. The distinguishing feature of the situation here is the fact that this territory receives no direct benefit from UNRRA as do the other countries who provide exemption from similar taxation for UNRRA imports.

4. That there are collateral benefits to Trieste from UNRRA operations is unquestioned. On the other hand, it must be remembered that whatever exemptions are granted to UNRRA must be made up from Allied Military Government funds which, depending on decisions not yet made, are charged against either the government of Italy or the same nations who are members of the United Nations Relief & Rehabilitation Administration. Therefore to grant exemption would be in effect merely to take the money out of one pocket and put it in

- 1 -



another.

5. It all depends on which pocket you are interested in and I quite understand how you naturally feel about it.

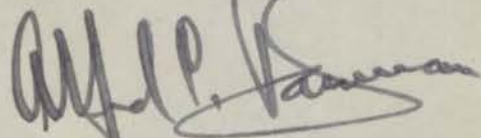
6. Other material factors suggested by members of my staff are:

(A) that the tax is, at least in part, a payment for services rendered, and

(B) that, from a practical accounting standpoint, it would be extremely difficult to determine at the present time amounts of exemption or reimbursement.

7. This is not intended as a final reply but merely as an acknowledgment.

8. I am asking for additional data from my Finance and Legal Divisions and will reply definitively when I have received it.



ALFRED C. BOWMAN
Colonel, J.A.G.D.
SENIOR CIVIL AFFAIRS OFFICER