



DEPARTMENT OF THE ARMY  
UNITED STATES ARMY GARRISON VICENZA  
UNIT 31401, BOX 42  
APO AE 09630

IMEU-VIC-ZA

MEMORANDUM FOR RECORD

SUBJECT: Standard Operating Procedures (SOP) for IVA Exemption Program for the Family, Morale, Welfare, and Recreation Fund

1. REFERENCES:

a. The North Atlantic Treaty, signed in Washington, D.C. on 4 April 1949 and ratified in Italy as Law No. 465 of 1 August 1949.

b. Agreement of Parties to the North Atlantic Treaty Regarding the Status of their Forces (NATO SOFA), signed in London on 19 June 1951 and ratified in Italy as Law No. 1335 of 30 November 1955.

c. Bilateral Infrastructure Agreement (BIA) Between the United States of America and the Republic of Italy (C), signed in Rome on 20 October 1954.

d. Memorandum of Understanding (MOU) between Italy and the United States of America on Customs and Fiscal Procedures Relative to the Application in Italy with Regard to United States Armed Forces of Article XI of the NATO Status of Forces Agreement (C), signed in Rome on 20 October 1954.

e. MOU between the Ministry of Defense of the Republic of Italy and the Department of Defense of the United States of America Concerning Use of Installations/Infrastructure by U.S. Forces in Italy (Shell Agreement), signed in Rome on 2 February 1995.

f. Agreement to Supplement the Agreement Between the Parties to the North Atlantic Treaty Regarding the Status of their Forces with Respect to Foreign Forces Stationed in the Federal Republic of Germany of 3 August 1959 (Supplementary Agreement).

g. Presidential Decree (D.P.R.) No. 633 of 26 October 1972, as amended, establishing Imposta sul Valore Aggiunto (IVA) (value-added tax).

h. Law by Decree (D.L.) No. 331 of 30 August 1993, converted with modification, as Italian Law No. 437 of 29 October 1993.

2. Purpose. To establish standardized procedures for the implementation and control of tax free purchases by the Family, Morale, Welfare and Recreation (FMWR) Fund for all Military personnel, command sponsored civilians and dependents assigned to, or who work for, USARAF/SETAF, United States Army Garrison Vicenza (USAG-V), and logistically supported units. Tax-free purchases are authorized for USAG Vicenza and the Livorno Military Community with the exception of the restrictions noted in paragraph 6.

IMEU-VIC-ZA

SUBJECT: Standard Operating Procedures (SOP) for IVA Exemption Program for the Family, Morale, Welfare, and Recreation Fund

3. Scope. This SOP is applicable to the Tax Relief Office Program operations in the Vicenza and Livorno Military Communities.

4. Responsibilities:

a. The Director, USAG-V FMWR serves as the Fund Manager and is charged with the overall administration and accountability of the USAG-V FMWR Fund.

b. The USAG-V Financial Management Officer serves as immediate supervisor of program activities.

c. The USAG-V Tax Relief Office Program Manager is responsible for implementation and management of overall program activities and procedures. Additionally, I hereby delegate authority to the Program Manager to sign any and all utility contracts, as well as pre-numbered IVA exemption letters used for IVA exemption applications, as the legal representative for the USAG-V Utility Tax Exemption Program. The Program Manager may further delegate said authority to designated representatives he or she deems necessary.

5. Procedures:

a. Customers wishing to make tax-free purchases of items on the Italian economy need to obtain an estimate (preventivo) from the vendor (on official store stationary with local address) for the total amount of the purchase or purchases with and without the IVA tax.

b. The customer will then obtain an Italian bank draft (assegno circolare) made out to the vendor for the exact amount of the purchase without the IVA tax. The receipt stub attached to the Italian bank draft (assegno circolare) should be left blank. This document will be retained by the Tax Relief Office and filed with the application. Customers can choose to place a deposit with the vendor for an amount that does not exceed 20% of the total cost of the merchandise without tax. Deposits are tax-free and will be deducted from the total cost of the merchandise without the IVA tax.

c. When the customer provides the USAG-V Tax Relief Office with both the estimate and the Italian bank draft (assegno circolare), the exemption documentation will be prepared.

d. The documentation required to obtain tax relief consists of the following:

(1) A pre-numbered application form (Enclosure 1) completely filled out with original signatures and official stamp.

(2) A corresponding numbered cover letter with the original signature of the USAG-V Tax Relief Office Program Manager or designated representative (Enclosure 2).

(3) The Italian bank draft (assegno circolare).

(4) Estimate (preventivo).

IMEU-VIC-ZA

SUBJECT: Standard Operating Procedures (SOP) for IVA Exemption Program for the Family, Morale, Welfare, and Recreation Fund

e. The customer must pay a \$10.00 service charge for the Tax Relief Office documentation. Payment may be made by cash, check, credit card, or money order. Once the service charge has been paid, the customer will receive the yellow copy of the numbered application form, a photocopy of the estimate and Italian bank draft (assegno circolare), and a receipt of payment.

f. The pink copy of the numbered application form, the Italian bank draft (assegno circolare), and the pre-numbered original signed cover letter will be placed in an envelope and sealed with an official stamp on the seal. The customer will take the sealed envelope directly to the vendor without opening it. The vendor will open the envelope, accept the Italian bank draft (assegno circolare), thus completing the transaction, and allowing the customer to receive the merchandise.

g. The white copy of the pre-numbered form, the original estimate, a photocopy of the Italian bank draft (assegno circolare), and the receipt stub attached to the Italian bank draft (assegno circolare) will be recorded and maintained on file for a minimum of 10 years.

6. Restrictions. Tax-free purchases are allowed in both the Veneto and Tuscany regions. However, although a business may be located in these regions, their participation is completely voluntary. Therefore, not every business will participate in this program. Even if a business participates, the following items are not eligible for tax exemption:

a. Houses, apartments, and plots of land.

b. Live animals or plants, organic soils, seeds, fertilizers, and similar items.

c. Personal services which include, but are not limited to: hotels, car rentals, medical expenses, medical prescriptions, lawyers, legal fees, veterinary services and products, and similar purchases.

d. Items in question will be evaluated by the Office of the Staff Judge Advocate (OSJA) for a determination on tax exemption eligibility.

7. Authentication. All Tax Relief Office Program operations in the Vicenza and Livorno Military Communities will comply with the directives outlined in this SOP. Any questions concerning interpretation or intent will be addressed to the USARAF/SETAF OSJA.

  
ROBERT L. MENIST, JR.  
COL, IN  
Commanding