

030919-18

COALITION PROVISIONAL AUTHORITY ORDER NUMBER 38

RECONSTRUCTION LEVY

Pursuant to my authority as Administrator of the Coalition Provisional Authority (CPA), and under the laws and usages of war, and consistent with relevant U.N. Security Council resolutions, including Resolution 1483 (2003),

Determined to improve the standard of living for the Iraqi people,

Recognizing that the effective administration of Iraq requires funding for improvements to its infrastructure and capital public investment,

Recognizing the role of international trade in the development of a free market economy in Iraq,

Noting that tariffs and trade restrictions were suspended under CPA Order Number 12,

I hereby promulgate the following:

Section 1

Imposition of Reconstruction Levy

- 1) Notwithstanding CPA Order Number 12 or any other CPA Order suspending a tax, levy, duty, charge, withholding, fee or tariff, there shall be created a levy known as the Reconstruction Levy.
- 2) For the purpose of calculating the Reconstruction Levy, the taxable value of goods shall consist of their total customs value assessed in accordance with international practice.
- 3) The Reconstruction Levy shall be imposed at a rate of 5% of the taxable value of goods. The revenues from the Reconstruction Levy shall be used only to assist the Iraqi people and support the reconstruction of Iraq. It shall expire two years from the date that this Order enters into force.
- 4) Unless exempted under this Order, the Reconstruction Levy shall be imposed on all goods imported into Iraq from all countries beginning 1 January 2004.

Section 2 Exemptions

- 1) The following goods shall be exempt from the Reconstruction Levy:
 - a. Food.
 - b. Medicines and medical equipment.
 - c. Clothing.
 - d. Books.
 - e. Goods imported to be delivered as humanitarian assistance to the people of Iraq or in support of reconstruction of Iraq.
 - f. Imports of the type exempted under the Vienna Conventions on Diplomatic Relations of 1961 and Consular Relations of 1963 and imports exempted under the Convention on the Privileges and Immunities of the United Nations.
 - g. Goods imported by the United Nations, other international organizations, not-for-profit organizations, or foreign governments to be used or distributed for the public benefit as defined in Administrative Instructions.

- 2) The Reconstruction Levy shall not apply to the following persons or entities:
 - a) Coalition Provisional Authority;
 - b) Coalition Forces;
 - c) Forces of countries, their contractors and sub-contractors, acting in coordination with Coalition Forces;
 - d) Coalition contractors and sub-contractors, as defined in CPA Order Number 17, who supply goods directly to the Coalition Provisional Authority and Coalition Forces;
 - e) Departments and agencies of Coalition Forces' governments, and their contractors and sub-contractors that are providing technical, material, financial, human resource assistance to Iraq;
 - f) Governments, international organizations and not-for-profit organizations providing technical, material, financial and human resource assistance;
 - g) Members of the above categories to whom goods are consigned or by whom goods are imported for their personal use.

- 3) The Reconstruction Levy shall not apply to imports under the Oil for Food contracts.

- 4) Administrative Instructions may be issued under this Order further defining exempt goods in this Section and exempting defined persons and entities from payment of the Reconstruction Levy.

Section 3

Implementation of Order

- 1) The Administrator of the Coalition Provisional Authority or his delegee may issue Administrative Instructions to give effect to this Order.
- 2) All existing Iraqi law which is inconsistent with this Order is hereby suspended.

Section 4 Entry into Force

This Order shall enter into force on the date of signature.



L. Paul Bremer, Administrator
Coalition Provisional Authority

CUSTOMS PROCEDURES FOR PROCESSING CUSTOM EXEMPTION FORMS

1. Send blank exemption form and procedures to contractors if requested from PMO-SLOC e-mail account. If it is a contractor we do not have on file yet, add their POC information to the customs spreadsheet found on the PMO-SLOC hard drive under Customs POC.
2. If you receive a completed form from a PMO vendor, verify that it is an authorized shipment. Verification is done by looking up the contract number on the PMO Prime Contract list and validating it with the number on the customs exemption form. If it is a sub-contractor that uses a sub contract number, we cannot validate the form. They must have the prime contract number. This information was placed in the PMO contracts, so sub contractors should know this. Add contract POC information to Customs POC spreadsheet if we do not already have it. We also receive exemption forms from other than PMO vendors (KBR, USAID, etc). If they do not give you a contracting POC, request it via e-mail. We will not authorize shipments without e-mail validation of the contract number. Also add non PMO Contract POC information to spreadsheet if it is not already there.
3. Save the exemption form on the PMO SLOC hard drive under Completed Customs Forms. Change the file name to the following:

Contract Number_Vendor_Brief description of shipment.doc

Example: DAVB01-00-0063_Lucent
Technologies_Computers_Exemption Form.doc

4. After verifying it is an authorized reconstruction shipment, E-mail Customs Liaison Officer the form authorizing shipment for exemption. In the body of the e-mail, give her the following information:

This is an authorized reconstruction shipment. Please call the border at "enter POE here" and assure the shipment passes without paying the 5% levy. Please e-mail all on e-mail distribution after you have called the border and let us know it has passed.

Contract Number:	XXXXXX
Description of Shipment:	As much detail as possible (VIN numbers, etc).
Quantity:	XX
Point of Entry:	Safwan, Trebil, etc
Estimated Date of Entry:	XX/XX/XX

You may have to change the wording of this e-mail based on the situation. Use your best judgment.

5. After the customs liaison officer e-mails back to all on e-mail distribution that she has called, follow up with the vendor to assure the shipment has passed without delay.
6. Keep an electronic copy of all, and put the completed exemption form in the Customs binder under tab labeled "COMPLETE" and file forms in which further action is required under tab labeled "PENDING".

7. It is every duty officer's responsibility to review the pending customs forms and follow up on them. Follow up can range from; confirmation the shipment has cleared the border, to waiting for additional information.
8. Fill in customs database spreadsheet after each step has been completed (form can be found on PMO-SLOC hard drive under Customs Database, and hard copy in book). When you finish for the day with exemption verifications outstanding, write in logbook so next watch officer can follow up.