



United States
General Accounting Office
Washington, D.C. 20548

Office of the General Counsel

B-231158

June 9, 1988

Ms. Margaret A. Willis
FAR Secretariat
General Services Administration

Dear Ms. Willis:

This responds to your request for comments on a proposal to amend Federal Acquisition Regulation (FAR) §§ 52.229-8 and 52.229-9 with respect to the recoupment of foreign tax credits from contractors performing Foreign Military Sales (FMS) contracts. This is FAR Case No. 88-22.

The proposal would add two FAR clauses requiring United States contractors and subcontractors performing FMS contracts in a foreign country to credit back to the United States Government the amount of any reduction in United States tax liability they may receive as the result of credits given for taxes paid to foreign countries in performance of the contracts. This will preclude the contractors and subcontractors from receiving double recoveries since they are entitled to foreign tax credits for such amounts and may also claim them as allowable costs to be reimbursed under the contracts.

We have no objection to the proposed changes.

Sincerely yours,

James F. Hinchman
General Counsel