

## REQUEST FOR EXPRESSION OF INTEREST (EOI)

Calls for expression of interest (EOI) – in French "appels à manifestation d'intérêt" (AMI) - serve to invite economic operators to put themselves forward as candidates in advance of a public procurement operation by a contracting authority. The shortlists generated this way may be used and updated many times for future procurement procedures.

The purpose of this EOI is to provide the Organisation for Economic Co-operation and Development (OECD or the Organisation) with a list of candidates who will be invited to participate to the upcoming Call for Tenders/Market Consultations. Applicants can be individuals, companies, cabinets or any entity authorised to perform the contract under applicable national law, i.e. by way of inclusion in a trade or professional register or sworn declaration or certificate, membership of a specific organisation, express authorisation or entry in the VAT register.

The EOI and any further information communicated to the Entities or which come to their knowledge in the course of the EOI and the performance of the work are confidential and are strictly dedicated to the purpose of the EOI.

Call for Tenders/Market Consultations are published on the eSourcing Portal of the OECD (**Prospeum** : <https://dashboard.prospeum.com/#/login/onboarding/oecd>).

Calls for Tenders are open for participation to all the interested and eligible parties who will register to the Portal. Market Consultations are accessible only by invitation.

Once they are registered on the eSourcing Portal, the candidates will be informed of any other tender launched on the Portal, and in connection with activities related to the areas of expertise that they have selected.

Interested applicants are asked to fill in and submit the standard application form. Submissions may start from the date of publication on the OECD web site.

<b>Title of the EOI</b>	<b>Performance of services relating to the OECD's US Tax Reimbursement Program</b>		
<b>Directorate</b>	EXD/PBF		
<b>Field of Activity</b>	Financial Services		
<b>Publication date of the EOI</b>	25/03/2024	<b>Closing date for reception of EOI</b>	30/04/2024 – 2PM Paris time
<b>Address EOI responses by e-mail to:</b>	Mr. Giorgio CERNIGLIA giorgio.cerniglia@oecd.org		

Subject of the e-mail:	EOI_OECD US Taxes	E-mail address:	giorgio.cerniglia@oecd.org
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## DESCRIPTION OF REQUIREMENTS

The OECD is launching this EOI with the purpose to identify a list of experts who possess the background and experience necessary for performing services relating to the OECD's US Tax Reimbursement Program.

### Description of the Work:

#### Background

As is the case for most international organisations governed by international treaties, OECD officials are exempt from income taxes on their OECD salaries and other OECD compensation as international civil servants. The US is an exception among OECD countries in requiring its citizens to pay income taxes on their OECD income.

The OECD reimburses US income taxes to officials based on an agreement with the US government dated 15 October 1987. This agreement replaced previous arrangements covering US tax reimbursements going back to the inception of the Organisation.

Under the US tax reimbursement agreement, the OECD makes advances to eligible officials on the basis of approved tax documentation. The officials make tax payments directly to the relevant US tax collection authorities. The US State Department then reimburses the OECD for these tax amounts.

The State Department has a budget specifically identified for tax reimbursements to international organisations. This budget covers the OECD and other international organisations. Most international organisations with the US as a member have arrangements covering their employees who are subject to US income tax on their compensation.

All tax reimbursement amounts are recorded and reimbursed to the OECD in euros and the Organisation does not take any foreign currency risk. The US tax reimbursements are cost neutral to the OECD other than the lost interest income from US State Department reimbursement delays and the cost of administration.

#### Requirement for US Tax Reimbursement

The US income tax reimbursement scheme (the Tax Reimbursement Scheme) has been established because the US does not exempt income derived from international organisations from taxation for its nationals.<sup>1</sup>

The following provides some background on the Tax Reimbursement Scheme: Most member countries, at the time of accession to the OECD Convention, have accepted to exempt OECD officials from national taxation on their remuneration.<sup>2</sup> The US has accepted to grant OECD officials the same privileges and

<sup>1</sup> The US is the only OECD country that taxes its citizens on their worldwide income, regardless of residence status or source of income.

<sup>2</sup> A Supplementary Protocol to the OECD Convention provides as follows:

- (a) the founding members of the OECD (except Canada and the US), grant OECD officials the same exemption from taxation as is enjoyed by officials of the other principal International Organisations;
- (b) the US grants the same privileges and immunities as it grants to staff members of other international organisations under the US International Organisations Immunities Act;

immunities as it grants to staff members of other international organisations under the US International Organisations Immunities Act.<sup>3</sup> The US International Organisations Immunities Act provides that wages, fees or salaries of employees of international organisations are only excluded from income tax if the employee is not a citizen of the United States.<sup>4</sup> Therefore, OECD officials who are US citizens are required to pay US income taxes on their OECD income.

In line with the long-standing practice of many international organisations in which the US is a member, the OECD has established a system to reimburse income taxes to OECD officials who are US taxpayers and as such required to pay US income taxes on salaries and emoluments they receive from the OECD.

The OECD Appeals Board, i.e. the predecessor of the OECD's Administrative Tribunal, held in 1988 that the reimbursement of US income taxes is (i) based on the principle of equal treatment that international organisations have to assure towards their officials and (ii) has in fact become a rule of customary international law applicable to international organisations.<sup>5</sup>

The purpose of the Tax Reimbursement Scheme is to place OECD officials who are subject to US taxation in the position they would have if their official salaries were not taxed. Hence, it is intended neither to provide a benefit nor to place the officials at a disadvantage in relation to other OECD officials who are not required to pay taxes to a Member State on their OECD income. The Tax Reimbursement Scheme stipulates that in no case shall the reimbursement by the OECD exceed the final income taxes actually paid in respect of the official's OECD income.

#### **Administration of the US Tax Reimbursement Scheme**

OECD officials of US nationality and any other officials subject to US income taxes are themselves responsible for complying with the income tax laws applicable to them. These officials are responsible for preparing tax reporting documentation for the OECD Tax Reimbursement Scheme and for US tax authorities. Penalties and interest resulting from non-compliance with such laws are the responsibility of these officials and are not reimbursed by the OECD.

The OECD does not provide its staff with tax report preparation services. The OECD only provides limited information to concerned staff including a list of tax preparation firms. US tax reporting on foreign earned income is highly complex and most US staff are required to use the services of external tax firms to comply with their obligations. These firms charge fees depending on the complexity of the individual reporting. US staff pay these fees which are not reimbursed by the OECD.

The OECD does however incur the cost of administering the tax reimbursements paid to US officials and received from the US Government. The Tax Reimbursement Agreement with the US provides for the

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(c) Canada and those OECD members that joined the Organisation at a later stage, grant fiscal immunity under individually negotiated agreements.

<sup>3</sup> This is set out in lit. (c) of Supplementary Protocol No. 2 to the OECD Convention: "[T]he Organisation, its officials, and representatives to it of the members shall be entitled to privileges, exemptions, and immunities as follows: (c) in the United States, the legal capacity, privileges, exemptions, and immunities under the International Organisations Immunities Act provided for in Executive Order No. 10133 of 27<sup>th</sup> June, 1950."

<sup>4</sup> See Title 1, Section 4 (b) of the International Organisations Immunities Act.

<sup>5</sup> OECD Appeals Board, Decision No. 111 of 8 July 1988, p. 76. In that case, the question at hand was in fact whether the Organisation had the right to change the method for calculating the tax reimbursement. The OECD Appeals Board held that the method could be changed, since there was no general rule for calculating the reimbursement amount amongst the various international organisations.

reimbursement of tax payment amounts on a cost neutral basis but requires the OECD to administer the payments. The administrative cost is kept to a minimum by using automated calculations, electronic communications and by limiting the services provided to staff. Another cost saving method is the use of outsourcing for most of the administration.

An external service provider has been engaged for many years to administer the US Tax Reimbursement Programme. Approval of tax reimbursements is a highly technical task requiring specialised US tax expertise. The tax service provider engaged to perform this work is selected through a procurement process. All normal communications with staff go through this tax service which approves all of the payments. The role of the tax service provider extends to assistance with interpretation of exceptions and administrative policy.

Managing the program and effective communications with the OECD staff requesting payments can be challenging. The OECD does not provide tax preparation services to the US expatriate staff and has a high turnover among these staff. Some staff have difficulty understanding and complying with the program. Staff often do not meet the deadlines and request exceptional treatment or tax preparation advice which occasionally must be refused.

Due to various tax exemptions, primarily only the highest paid officials are subject to US taxes on their OECD source income. The reimbursement programme in 2022 impacted about 110 of the total 288 US staff.

Changes in US tax law have caused the volume of administration to increase significantly in the recent years.

Tax payments are advanced by the Organisation to eligible officials after submission of specific documentation. Failure to properly administer the tax advances and reimbursements could result in delays causing staff to incur interest and penalties on late tax payments. Staff would then have a claim against the Organisation for reimbursement of these amounts. No delays in payment have occurred as a result of the OECD administration and the Organisation has not incurred any cost of interest and penalties in the past.

The OECD relies heavily on the tax service provider to process and approve payment requests.

**Description of tasks to be performed by the Contractor:**

The CONTRACTOR will administer the US Tax Reimbursement Program as defined in the Tax Reimbursement Agreement (TRA) between the OECD and the U.S. government dated 15 October 1987. It covers the salaries and benefits of current and separated US staff:

The OECD will update an annual information note outlining the US Tax Reimbursement Program for the US staff of the OECD and distribute it electronically to all OECD's US staff. This note describes the US income tax reimbursement programme. The note explains how to apply directly with the CONTRACTOR for an advance or reimbursement of their US taxes on OECD income. It does not provide guidance to staff members who wish to prepare their own tax documentation.

The CONTRACTOR will be available through an Internet address to answer valid questions in writing from staff and from the OECD related to the US Tax Reimbursement Program that are not covered in the annual note. Questions of a legal interpretation of the TRA and its administration will be answered on the basis of guidance provided by the Legal Directorate of the OECD.

The OECD's agreement with the CONTRACTOR specifically excludes providing general tax advice or assistance to staff in the preparation of their tax documentation. The CONTRACTOR therefore is not able to respond to these questions.

The CONTRACTOR will also provide support to the OECD as required answering queries on tax reimbursements raised by the U.S. State Department or other government units.

The CONTRACTOR will review requests for advances of estimated US tax and for final US tax reimbursement requests submitted by eligible OECD staff for the purpose of ascertaining whether the requests have been prepared in accordance with the TRA and the OECD's policies for administering this Agreement.

Tax advances and reimbursements are restricted to a list of eligible OECD officials. Article 3 of the TRA excludes officials who are liable for US income taxes and whose contract is financed from voluntary contributions in any amount. The OECD will provide this financing information to the CONTRACTOR.

Staff leaving the OECD may establish residence anywhere in the world. The CONTRACTOR will be responsible for communications with such staff by electronic mail as may be necessary until the final settlement is made, which may be several years later.

The CONTRACTOR will be responsible for the approval or rejection of requests for reimbursement as required for compliance with the TRA on behalf of the OECD. All approved reimbursement requests will be submitted to the OECD's Programme, Budget and Financial Management for disbursement and maintained in an accounting database system.

The CONTRACTOR will also be responsible for notifying the staff of any rejected requests for reimbursement, with a written explanation of the corrections or additional information needed. The staff member will be responsible for making all the necessary changes and for re-submitting the request for approval by the CONTRACTOR. Any disputed claims that the CONTRACTOR cannot resolve with the staff member will be referred to the Legal Directorate of the OECD.

In connection with the review of the tax reimbursement request, the CONTRACTOR will review the accompanying tax returns to the extent necessary to ascertain that information shown in the returns is correctly reflected, and in so doing shall note the presence of all expected attachments for tax benefits which would lawfully minimize the tax on OECD income. The CONTRACTOR's review of the tax returns will be limited to what is necessary to ensure that they are completed in compliance with the OECD Tax Reimbursement Agreement. This review will not be in sufficient detail to qualify the CONTRACTOR as a preparer or to otherwise acquire responsibility for the completeness or accuracy of the return.

It is understood that no client relationships will exist between the OECD's staff and the CONTRACTOR and that the CONTRACTOR is not responsible to the staff member for any outcome of the review, including the outcome of any tax return position. Further, the CONTRACTOR will not be responsible to any party for claims resulting from overstatement or understatement of a tax reimbursement, notwithstanding that it has reviewed the request for such reimbursement. The tax obligations and reimbursements are matters between the OECD, its staff and the US government units involved. The CONTRACTOR will not be responsible for any tax, penalty or interest charge imposed by a government unit on account of its participation in the OECD Tax Reimbursement Program.

The CONTRACTOR will be responsible for the storage and retrieval of all documents related to the

administration of the US Tax Reimbursement Program. All documents provided to the CONTRACTOR by the OECD in connection with this contract shall remain the property of the OECD. The CONTRACTOR will hold all documents and any other communications from the OECD or its staff in the strictest confidence and will not make use of them or the information contained therein for any purpose other than that for which they were provided. Upon termination of the contract, all information related to the OECD's staff and the OECD acquired by the CONTRACTOR under the contract will be returned to the OECD, to its designated representative or destroyed at its request.

On an annual basis, the CONTRACTOR will prepare a summary and reconciliation of all US tax reimbursement requests that have been regularized (equalling final settlements to be billed to the U.S. State Department). This report will include the staff names, OECD income, Federal and State tax reimbursements paid in US dollars including a conversion in Euros and the year of the tax liability and such other information as may be necessary to support the OECD's invoice to the US government. At the same time, the CONTRACTOR will prepare a second summary showing the outstanding advances (not yet regularised). The sum total of these two summaries should reconcile with the amount showing in the OECD accounting records as a receivable from the U.S. State Department. In addition, the CONTRACTOR will provide the Programme, Budget and Financial Management of the OECD such other management reports as may be required to explain the payments made and billings to the US government.

The Programme, Budget and Financial Management Service of the OECD will prepare payments payable direct to staff on the basis of approvals from the CONTRACTOR and invoice the US government.

Specifically, for officials leaving the Organisation, the following tasks shall be performed:

On the basis of OECD Human Resource Management Service (HRM) departure notices forwarded to the Contractor from OECD Programme, Budget and Financial Management Service (PBF), the Contractor will contact each US official leaving the OECD who has US estimated tax advances outstanding.

Tax advances outstanding for any past year must be justified by a final tax return or repaid to the OECD.

Tax advances for the year of departure must be justified based on three criteria:

- 1) Prior year tax amount actually paid based on the final tax return
- 2) OECD income estimated for the year of departure prepared by HRM
- 3) Official's tax filing status and eligibility for foreign earned income exclusion for the year of departure

Based on US tax law, estimated tax advances are normally limited to 100% of the prior year actual taxes paid on OECD income (110% if Adjusted Gross Income is over 150K\$).

The official is responsible for providing the Contractor with the necessary information justifying the advances outstanding as well as for any future advances requested for the year of departure. The official will also be requested to provide contact information for settling advances after leaving the OECD (email and bank details).

Any outstanding US tax advances not justified are repayable to the OECD before the final departure payment of salaries and indemnities.

Additional information:	<p><b>Minimum Qualifications for the Contractor:</b>            We recommend that the contractor have the qualifications listed below or comparable experience:</p> <ol style="list-style-type: none"> <li><b>1.</b> A university degree in accounting , preference for a</li> <li><b>2.</b> Qualification as Certified Public Accountant in the US</li> <li><b>3.</b> Five to Seven years expatriate tax equalization experience with corporations, individuals or intergovernmental organisations</li> </ol>		
Approved By:		Date:	
Last Updated By:		Date/Time:	

## EOI - CANDIDATES RESPONSE FORM

### NOTICE

The OECD requires all Vendors interested in participating to the Call for Tenders to register to the OECD eSourcing Portal (<https://oecd.bravosolution.com/web/en/login.html>)  
Once they are registered on the eSourcing Portal, the users will be informed of any other tender launched on the Portal, and in connection with activities related to the areas of expertise that they have selected.

### ENTITY INFORMATION

Legal Entity Name			
Entity Contact			
Address		City	
Postal Code		Country	
Phone Number		Phone Number #2	
E-mail address			
Entity Website (if applicable)			
Years of operation (if applicable)			
Number of staff (if applicable)			
Areas of specialisation and expertise			

### OECD Sourcing Platform

Registered on the Sourcing Platform of the OECD (YES / NO)		User ID	
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### RELEVANT INFORMATION FOR THE EOI

Academic background	
Qualifications	



Experience			
Estimate of the cost of carrying out the work for 1 year			
Additional information			
<b>MINIMUM GENERAL CONDITIONS FOR OECD CONTRACTS</b>			
Please acknowledge the Minimum General Conditions for OECD contracts			
<div data-bbox="284 645 331 698" data-label="Image"> </div> <p data-bbox="204 705 414 757">Minimum General Conditions for OECD</p> <p data-bbox="204 801 550 833">[Double click on the document]</p>			
<b>Name and title:</b>		<b>Date:</b>	

### PREREQUISITES OF ELIGIBILITY

In order to be eligible for participating to the Call for Tenders launched by the OECD, the Tenderer must declare :

- i. That it is not bankrupt or being wound up, is not having its affairs administered by the courts, has not entered into an arrangement with creditors, has not suspended business activities, is not the subject of proceedings concerning those matters, and is not in any analogous situation arising from a similar procedure provided for in national legislation or regulations;
- ii. That it has not been convicted of an offence concerning its professional conduct by a judgment which has the force of *res judicata*;
- iii. That it has not been the subject of a judgment which has the force of *res judicata* for fraud, corruption, involvement in a criminal organisation or any other illegal activity detrimental to the interests or reputation of the OECD, its members or its donors;
- iv. That it is not guilty of misrepresentation in supplying the information required as a condition of participation in this call for Tenders or fail to supply this information;
- v. That it is not subject to a conflict of interest;
- vi. That its employees and any person involved in the execution of the work to be performed under the present Call for Tenders are regularly employed according to national laws to which it is subject and that it fully complies with laws and regulations in force in terms of social security and labor law;
- vii. That it has not granted and will not grant, has not sought and will not seek, has not attempted and will not attempt to obtain, and has not accepted and will not accept any advantage, financial or in kind, to or from any party whatsoever, constituting an illegal practice or involving corruption, either directly or indirectly, as an incentive or reward relating to the award or the execution of the Contract.