030919-16

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.

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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

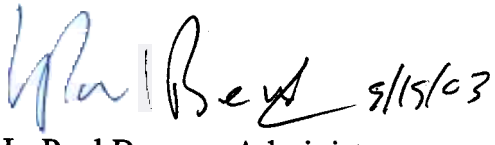
Implementation of Order

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