

# GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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## ITALIAN GENERAL TURNOVER TAX APPLIED TO IMPORTED PHARMACEUTICAL PRODUCTS

### Statement by the Government of the United Kingdom

The following communication has been received from the Government of the United Kingdom concerning this item which has been included in the Tenth Session Agenda:

"Article 17 of Italian Law 762 of 19 June 1940 as amended by subsequent Decrees, of which the most recent took effect on 1 May 1955, provides that a General Turnover Tax (I.G.E.) shall be levied upon imported pharmaceutical products at a rate of 6 per cent and upon Italian pharmaceutical products at a rate of 4 per cent, the basis of assessment in both cases being the retail price at which the products are sold to the public.

"In the opinion of the United Kingdom the above mentioned difference of 2 per cent in the tax charged on imported and Italian products is inconsistent with the obligations of Italy under Article III of the GATT not to subject imported goods, directly or indirectly, to internal taxes or other material charges of any kind in excess of those applied, directly or indirectly, to like domestic products.

"The United Kingdom Government has made these views known to the Italian Government, but has not been able to resolve the problem."