DEPARTMENT OF THE NAVY
U.S. NAVAL SUPPORT ACTIVITY
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NAVSUPPACT NAPLES INST 10340.7C
SP:SM:rs
8 APR 1997

NAVSUPPACT NAPLES INSTRUCTION 10340.7C

From: Commanding Officer, U.S. Naval Support Activity, Naples, Italy

Subj: SALE OF FUEL AND MOTOR OIL COUPONS TO ITALIAN MILITARY AND CIVILIAN PERSONNEL SERVING AT INTERNATIONAL ALLIED MILITARY HEADQUARTERS IN ITALY

Ref: (a) Italian Ministry of Finance ltr Prot. N. 10372/N Div XII of 28 Jun 79
(b) Italian Ministry of Finance ltr Prot. N. 10456/N Div XII of 6 Aug 79
(c) Italian Ministry of Defense ltr 50291 of 18 Mar 86
(d) Italian Ministry of Finance ltr 678/N of 7 Jun 95

1. Purpose. To establish operational procedures for the sale of coupons for gasoline, diesel fuel, motor oil and motor scooter fuel to Italian military and civilian personnel serving at International Allied Military Headquarters in Naples, Verona, Vicenza, Rome, Trapani, and La Spezia, Italy.

2. Cancellation. NAVSUPPACT Naples Instruction 10340.7B.

3. Background. In accordance with references (a) through (d), the U.S. Naval Support Activity, Naples, Italy (NAVSUPPACT Naples), has the overall responsibility for the regulation and administration of tax-free petroleum product (POL) coupons for Italian military and civilian personnel at the various Allied Headquarters. This program is administered by the Tax-free Products Administrator (Code SP), NAVSUPPACT Naples. Further, reference (a) specifies the requirements that must be met in order to be eligible to purchase tax-free coupons for petroleum products from NAVSUPPACT Naples. Per reference (d) instruction letter, all POL coupons are valid for one year.

4. Policy.

a. Tax-free POL coupons for eligible personnel will be procured from NAVSUPPACT Naples, Code SP, on a monthly basis. As directed by references (a) and (b), NATO retail sales organizations will sell POL coupons in accordance with the following monthly ration:

	MONTHLY GASOLINE (LEADED OR UNLEADED) DIESEL ALLOWANCE	MONTHLY MOTOR OIL ALLOWANCE
All cars (regardless of horsepower of the vehicle owned)	200 liters	4
Motor scooter fuel	60 liters	NONE
Motorcycles (all sizes)	65 liters	NONE

Note: For diesel vehicles, diesel fuel "P" coupons only will be issued. The amount issued will be the same as the allowance for gasoline vehicles of the same horsepower.

b. Advance Purchases. Personnel are authorized to draw one month's ration in advance, upon presentation of approved leave papers to the appropriate retail outlet. Such an advance will be charged against the ration of the ensuing month. There will be no increase in the allowance for the purpose of leave. Petroleum ration coupons not purchased during the entitled month cannot be purchased in any following month.

c. Responsibility. Rationed POL coupons are to be spent only at authorized gasoline stations in Italy; must be signed by the purchaser, dated and annotated with the actual license number of the vehicle being refueled; must be used only for the product authorized; and cannot be traded or exchanged for other products. POL coupons sold through the NATO military retail outlets are obtained free of Italian taxes and are intended only for the personal consumption of the person to whom the ration card is issued. The selling, bartering, lending, or giving of tax-free POL coupons or the product itself to any other person is prohibited, and is a violation of Italian law. Violators are subject to one or more of the following disciplinary or administrative actions:

(1) Prosecution under Italian law by the Italian Government;

(2) Suspension of some or all tax-exemption privileges by the appropriate International Allied Headquarters Commander; and

(3) Other administrative actions as appropriate.

d. Revocation of Privilege. The privilege of obtaining tax-free petroleum products may be revoked for cause. By accepting this privilege, personnel may be called upon at any time to substantiate, in writing, to the Commanding Officer, NAVSUPPACT Naples, and/or to the Commander of the appropriate Allied Headquarters, the manner in which they have disposed of petroleum products obtained in exchange for coupons. Failure to properly justify the use of tax-free petroleum products or coupons may result in the revocation of privileges.

5. Procedure for Procurement and Redemption of Coupons

a. Military NATO retail sales activities will request tax-free POL coupons from NAVSUPPACT Naples, Code SP, on a monthly basis by letter or message indicating:

(1) Quantity and denomination of coupons;

(2) Required delivery date;

(3) Mode of shipment or pickup arrangements desired; and

(4) Number of personnel entitled to POL coupon ration.

Note: Once the tax-free POL product coupons leave the custody of NAVSUPPACT Naples, the purchasing activity will assume full responsibility for the payment of both the coupons and any taxes on the products.

b. As directed by reference (a), AFSOUTH will furnish to NAVSUPPACT Naples (Code SP) the number of Italian military and civilian personnel entitled to tax-free gasoline coupons. This information must be provided 40 days prior to commencement of each calendar quarter, and will be broken down by NATO commands in Italy (i.e., LANDSOUTH Verona, FIVEATAF Vicenza, COMEDCENT Rome, SACLANT La Spezia, AFSOUTH, etc.). These commands will be responsible for identifying those Italian military and civilian personnel at their activities eligible for tax-free POL coupons in accordance with reference (a).

c. NAVSUPPACT Naples will be responsible for the following:

(1) Obtaining tax exemption authorization from the Government of Italy on a quarterly basis.

(2) Submitting all necessary consumption reports to the cognizant Italian authorities.

d. NAVSUPPACT Naples will invoice coupon procurement prices in dollars.

e. Settlement of the invoices for coupons shall be made by check payable to the Treasurer of the United States and mailed to the Commanding Officer, U.S. Naval Air Station, Rota, Spain, PSC 819, Box 61, Code AAAF, FPO AE 09645-1600.

f. Unsold and/or expired coupons (signed and unsigned) may be returned by retail sales activities to NAVSUPPACT Naples for redemption. Refunds will be provided for a period of twelve months beyond contract expiration date. The acquisition cost of the coupons, less a redemption fee of one-half cent (i.e., .005 U.S. dollars) per liter will be applied as a credit to subsequent POL coupon orders. This redemption fee applies only to unsold and/or expired coupons held in stock by retail sales activities. Retail sales activities may issue instructions to customers

establishing redemption procedures which may include a reduced redemption period for expired coupons returned by customers.

Note: The one-half cent redemption fee is not applicable to consumers. In addition, the returning sales point is required to void unsold coupons that are returned for credit.

6. Ration Control Cards

a. Gasoline or Diesel Fuel. Annual gasoline or diesel fuel ration control cards will be issued by the cognizant NATO Commanders to authorized individuals who have their private vehicle registered with that office. Under no circumstances will more than one gasoline or diesel fuel ration card be issued to any individual. The following data will be entered on the ration control card: month-by-month purchases of gasoline coupons; make, model, and horsepower of privately owned vehicle (POV); license number; owner's identification data; and POV's odometer reading at the time the card is issued. The ration entitlements will be prominently rubber stamped on the face of the card. Ration cards made out in the name of one person must be numbered with a progressive serial number which must also be stamped on the coupons sold to the individual. In order to qualify for a ration card the individual must:

(1) Register their POV with a military NATO command;

(2) Insure their POV as provided by Italian law and pay the road tax;

(3) Possess a valid circulation card for the vehicle; and

(4) Maintain an accurate odometer on their POV.

b. All POL ration control cards will be retained on file at the resale outlet and will not be held by individual users.

c. POL ration cards will be recalled and voided by the cognizant command when any change in vehicle status occurs (i.e., change in title, registration number, etc.). Commands are to ensure that upon surrendering the valid registration of the vehicle, the pertinent ration card is also surrendered.

7. Coupon Sales and Ration Control

a. Each coupon sale will be recorded to ensure subsequent identification of coupons sold. The serial number of each coupon book (or coupon if sold singularly) and the date of purchase will be entered on the ration control card of the purchaser, who will acknowledge receipt of the coupons by legibly signing the sales control log, and initialing the ration control card.

b. The Retail Sales Activity Manager, or delegated representative not physically engaged in the daily sale of tax-free petroleum product coupons, is responsible for matching, on a daily basis, the amount of petroleum product "P" coupons sold and

recorded on the daily control sales log, against the amount recorded on the ration control cards.

c. In order to simplify this important control procedure, as a sale is made and posted, the ration control card should be placed in a daily pending file box and re-merged with the master deck after the cross check is completed.

d. Any discrepancies revealed should be reported immediately to the respective police/security officer and base commander for investigation, as well as to the coupon supplier (NAVSUPPACT Naples).

8. Lost or Stolen Coupons. Lost or stolen coupons should be reported to the International Police and to the NAVSUPPACT Naples Tax-free Products Officer.

9. Damaged Coupons. Damaged coupons may be replaced or reimbursed only when the denomination validity, quantity and serial number of the coupons can be identified.

10. Records. All records pertaining to the sale of POL coupons, including individual ration cards, will be retained for at least one year from the date of the last transaction recorded.

11. Report. NATO activities in Italy will submit to NAVSUPPACT Naples, Code SP, a monthly report of tax-free POL coupons, by type, sold during the month. Reports shall be mailed in time to reach NAVSUPPACT Naples not later than the 20th day following the month being reported. NAVSUPPACT Naples will provide all necessary reports to the cognizant Italian authorities.

12. Audits. In accordance with references (a) and (c), the Italian *Guardia di Finanza* and customs officials will conduct quarterly audits of each NATO retail sales activity's records, and the Italian Ministry of Defense and NAVSUPPACT Naples officials will conduct periodic assist visits and administrative reviews.

13. Special Cases. Specific cases not covered by this instruction shall be reported to the NAVSUPPACT Naples Supply Officer or the Tax-free Products Administrator at DSN 626-5439, for resolution.

J. J. GROSEL

Distribution:
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