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United States Department of State
and the Broadcasting Board of Governors
Office of Inspector General

Review of Administrative Operations of
Radio Free Europe/Radio Liberty Bureaus

Report Number IBO/A-02-05, September 2002

This report has been reviewed pursuant to the Freedom of
Information Act (5 USC 552) for public release.

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EXECUTIVE SUMMARY

PURPOSE

The Office of Inspector General's primary objective in conducting its review of Radio Free Europe/Radio Liberty (RFE/RL) bureau¹ administrative operations was to determine if RFE/RL is complying with current host countries' laws regulating employment tax and social contributions for bureau staff. A second objective was to determine whether administrative controls for procurement, cash, and inventory management were in place at the news bureaus.

RFE/RL, a private nonprofit corporation funded by a grant from the Broadcasting Board of Governors (BBG), broadcasts to countries where freedom of the airways is not yet assured. RFE/RL broadcasts are often the only independent radio programming available in these countries. Because of their independence, bureau staff may be harassed by local government tax authorities. There is always a possibility that a bureau may be shut down or threatened with closure as retribution. This environment places a great responsibility on RFE/RL to ensure that its news bureaus are meeting host country laws.

BACKGROUND

The International Broadcasting Act of 1994 (P.L. 103-236) revised operational guidelines for RFE/RL, reducing its annual budget by 67 percent to a ceiling of \$75 million. To meet the new ceiling, RFE/RL reduced staff and operating costs and moved broadcasting operations from Munich, Germany, to Prague, Czech Republic. The act also created the BBG to oversee all nonmilitary U.S. government international radio and television broadcasting, including RFE/RL, the Office of Cuba Broadcasting, Radio Free Asia, Voice of America, and WORLDNET television.

¹ An RFE/RL bureau is an entity established by RFE/RL in a host country that covers regional news and events to be broadcast by the language service in Prague or, in some cases, live from the bureau. RFE/RL's broadcasts concentrate on providing local and regional news to countries where the media are struggling amid chaotic economic conditions and, in many cases, intimidation, censorship, and tight government control

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RFE/RL broadcasts over 1,000 hours a week. Broadcasting for a country may be live from some of the 30 news bureaus or from the language services located in Prague. The broadcasts provide local news, in the language of the host country, on shortwave and also on AM and FM frequencies using more than 130 affiliate stations. Internet page views are also high.² For example, the Russian service web site averages over a million page views a month.

Broadcasting requires journalists as well as technical and administrative staff. Local bureaus are staffed with an administrator and, in a few cases, an accountant, who manages payroll, rent, utilities, and service payments in the host country. The administrative division in Prague includes a department of bureau administration to oversee and coordinate all non-journalistic matters, including meeting local registration, employment, and tax laws. The finance division in Washington controls financial resources. Ensuring that bureaus have met local registration, employment, and tax laws has been termed by RFE/RL “bureau regularization.”

RESULTS IN BRIEF

Meeting the Requirements of Tax and Labor Laws

In 1998, RFE/RL established a department of bureau administration³ to supervise and coordinate all non-journalist matters in the bureaus, including ensuring compliance with registration, employment, tax, and social contribution laws. The results have been laudable against tough odds. At present, RFE/RL reports paying staff according to host country labor laws in 21 of the 30 bureaus.⁴ Three bureaus are in the process of being regularized, and six bureaus are on hold because of the political and economic conditions of these countries. OIG visited four bureaus⁵ and verified that they were meeting host country registration, employment, and tax laws.

Country laws may change, requiring RFE/RL to update contracts and payroll payments. In Eastern Europe, South Asia, and Central Asia, laws change often,

² A “page view” is a request to load a single web page and has come to be accepted as a more reliable method of measuring visitors to a site. A page “hit” is not a valid measure because it not only counts visitors to the specific site, but also counts visitors to other sites that have a link to the original site.

³ The department of bureau administration is part of RFE/RL's organization structure.

⁴ See Appendix B for a complete list of the bureaus and their status.

⁵ The four bureaus were Sarajevo, Bosnia; Moscow, Russia; Kiev, Ukraine; and Sofia, Bulgaria.

and in some countries, such as Afghanistan, laws are not yet established. As a result, employment contracts for bureau staff may have to be prepared annually. The two primary staff positions supporting bureau regularization have been contractors based in Prague who do not receive benefits comparable to those of permanent regular employees. Turnover has been high, and lack of trained staff results in bureau delays in meeting host country tax and labor laws. Not meeting the laws may subject staff to intimidation by local government tax authorities. To reduce turnover, OIG recommended that RFE/RL change the positions of staff working on compliance to permanent, regular employees entitled to full benefits.

Administrative Controls

Overall, OIG found that administrative controls met the requirements for federal grantees. However, there were two areas where RFE/RL could make changes. One was in managing the bureau operational budgets, and the second was in the disposal of obsolete equipment.

In reviewing the operational budgets in the bureaus, OIG observed a decision-making process that was bogged down by multiple levels of approval for simple items. Personnel, both managers and line staff, were frustrated because they did not know how decisions involving resource allocation were made, nor were they involved in the process. Beginning in February 2002, RFE/RL took significant steps to integrate program managers and line staff with resource management. Management conferences were held in February 2002 and June 2002. A resource committee was created to review staffing categories and associated benefits. The budget process was also discussed with end users. OIG had no recommendations on resource allocation for the bureaus.

RFE/RL revised its inventory management policy as of March 2002 to include instructions for the bureaus. However, OIG found that obsolete equipment occupied space in the bureaus' newsrooms and sometimes required the rental of additional storage space. A recommendation was made for RFE/RL to request authority from BBG to dispose of this equipment.

Agency Comments

OIG provided a draft of this report to RFE/RL through the Broadcasting Board of Governors for review and comment. RFE/RL agreed with the report and will take action, as necessary, to comply with the two recommendations. Comments are summarized after each recommendation and are included in their entirety as Appendix A of this report.

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PURPOSE AND SCOPE

The primary objective of the OIG review of bureau administrative operations at RFE/RL was to determine whether bureaus complied with host country laws. The tax compliance issue is a followup to a 1998 audit of the Moscow bureau, which faulted RFE/RL for not complying with country laws. A second objective was to determine whether administrative controls for procurement, cash, and inventory management were in place at the news bureaus. OIG limited its evaluation site work to bureaus reported by RFE/RL as currently meeting host country laws.

To conduct this review, OIG visited four bureaus: Sarajevo, Bosnia; Moscow, Russia; Kiev, Ukraine; and Sofia, Bulgaria. At each bureau, OIG interviewed senior staff, including the language service director, bureau chief, administrative staff, and correspondents. Locally hired translators were used in many of the interviews. OIG performed a limited physical inventory at the bureaus and reviewed a sample of service contracts for each bureau. No review was conducted of major contracts or service contracts as none are managed or signed by bureaus. OIG did examine documentation of local purchases and cash payouts, but has no comments.

OIG tested and reviewed whether each bureau visited was complying with tax and labor laws. The U.S. embassy in each country was contacted to verify current tax and labor laws, as well as other relevant legal requirements. Independent consultants⁶ based in each country were interviewed to confirm local law. The review included verifying actual payments for selected correspondents.

OIG's Office of International Broadcasting Oversight conducted this review in accordance with generally accepted government auditing standards. The field work began at RFE/RL headquarters in Prague and ended in Prague to finalize issues and brief staff. RFE/RL staff in Washington and selected offices in BBG and the Office of Management and Budget (OMB) were interviewed. Field work was conducted in February and March 2002. Contributors to the report were Louis A. McCall, Director, Office of International Broadcasting Oversight; Katherine M. Schultz, audit manager; James M. Berry -Schneck, senior auditor; and Amy J. Rofman, management analyst.

⁶The independent consultants were usually firms such as PricewaterhouseCoopers, Deloitte&Touche, or Arthur Andersen.

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BACKGROUND

RFE/RL is a private, nonprofit corporation that operates as a grantee under the auspices of BBG. The RFE/RL broadcast center located in Prague oversees 30 news bureaus⁷ in support of its 23 language services. A key element in carrying out RFE/RL's role as a surrogate broadcaster is the operation of local bureaus inside the broadcast countries. Surrogate broadcasting focuses on local/host country news because domestic stations may not be objective or balanced. The establishment of these bureaus began shortly after the Berlin Wall fell in 1989. Today RFE/RL broadcasts to the New Independent States and to countries in the Baltics, Persian Gulf and South Asia. RFE/RL's requested budget for FY 2003 is \$73.1 million, with an additional \$5.4 million for broadcasting to Afghanistan. RFE/RL's FY 2001 operating budget for its bureaus was over \$8 million.

The language service directors are responsible for programming and broadcast production. In 1998, the department of bureau administration was established to oversee the administrative aspects of the regional bureaus; however, journalistic operations remain the responsibility of the language service directors. A bureau normally consists of a bureau chief, administrator, staff journalists, freelance correspondents, technicians, and for the larger bureaus, a full-time bookkeeper.

Rules and regulations regarding income taxes and social fund contributions for some countries regularly change. They are often not enforced by host countries because their governments lack enforcement mechanisms and viable legal systems. OIG found potential liabilities when local bureaus did not follow host country employment and tax practices. In 1998, in part on the basis of an OIG audit,⁸ RFE/RL began to require bureaus to meet host country laws. RFE/RL calls this process of meeting host country laws, "bureau regularization."

The process of meeting and continuing to satisfy host country laws is complex. RFE/RL is required to register in each host country and to hire and pay staff according to local employment and tax laws. In general, bureau regularization includes researching legal requirements; registering a bureau as an official entity with the local authorities; identifying reporting and tax filing requirements; implementing appropriate contractual arrangements with staff; and ensuring accurate

⁷ Appendix C is a geographical map of bureaus.

⁸ Memorandum Report 98-IB-005 (Jan. 1998).

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withholding for local income tax and social contributions paid by RFE/RL to host governments.

The amount of taxes paid is normally based on the labor category assigned to the staff member, and the rate of pay is fixed with a written contract, usually for one year. There are different requirements for tax and social funds payments owed to the host government, depending upon the status of employment. The bureaus withhold income tax and make social contributions for some categories of staff; in other categories, tax payments are the responsibility of the employee. In many cases, people under contract as freelancers are responsible for paying their own taxes. Permanent employees hired under the labor code have taxes withheld by the bureaus. The bureau makes contributions to the host government social funds for the staff members as well as for RFE/RL. Staffs are paid either a fixed salary, per minute of broadcasting program, or per contribution.

FINDINGS

MEETING THE REQUIREMENTS OF TAX AND LABOR LAWS

At present, RFE/RL reports that 21 of 30 bureaus are paying employee host country taxes and social fund contributions; another three are developing the process to do so; and six bureaus are on hold, either because laws are not established or the political and economic situation is not favorable to broadcasting in those countries.⁹

To maintain compliance with host country laws requires updating contracts as legislation changes. In these countries, legislation changes almost annually with respect to tax and employment laws. Of the four bureaus OIG visited, all had a tax change in the last year.¹⁰ Bureau accountants and administrators stay up-to-date on changes in their particular country's tax and employment laws, often using government and commercial computer programs that inform businesses of new legal requirements. The bureau administration department in Prague also receives updates on changes in the law from tax and legal consultants. In Bosnia, the Sarajevo bureau has a direct computer link to the ministry of finance to pay employee taxes. In Kiev, the bureau administrator referred to the Ukrainian legal code as her Bible. The Kiev bureau has passed three tax reviews forward to Ukrainian authorities in the past 18 months, with no findings of violations.

Bureau staff view noncompliance with tax laws as a potential avenue for the government to intimidate staff and, thereby, censor broadcasts. Individual tax payments may be closely reviewed for irregularities. RFE/RL's noncompliance or errors with tax and labor laws may negatively affect its right to operate a bureau. In Moscow, a consulting firm provides payroll service, including tax payments to the government. The bureau believes that when an independent firm pays the taxes, the tax authorities may be more assured that payments are correct. Bureau management does not want to provide the government with an administrative excuse to obstruct RFE/RL operations in Russia. By way of comparison, in Ukraine, foreign national employees at the U.S. embassy insisted that the embassy withhold and pay

⁹ Appendix B lists the 30 bureaus and the compliance status of each.

¹⁰ Appendix D summarizes the tax compliance requirements for the four bureaus reviewed by OIG.

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their income taxes because they were concerned about the possibility of being asked by local tax authorities to pay those taxes in the future. At all four bureaus visited by OIG, employees were aware that local tax authorities could demand payment due to non-payment of taxes or be overly diligent in checking the legalities of any action by the employee, including work history. Correspondents trusted bureau administrative staff to ensure that legal requirements were met.

The department of bureau administration in Prague includes two contract employees who identify the least costly options for complying with local tax and labor laws as well as prepare the required paperwork to meet host government laws. The positions require close coordination with local legal and accounting consultants, the bureaus, language service directors, and the finance and administrative divisions. Contract employees, rather than permanent staff, were used because meeting host country tax and labor laws was to be a one-time action. All bureaus were to be completed within a couple of years, at which time the contract employees would be released. The cost of providing benefits to staff was reportedly not an issue. RFE/RL management, supported by BBG, is committed to meeting the requirements of host country tax laws.

Turnover in the specialized positions has been high, with a loss of continuity and experienced staff. Since 1998, three trained employees have resigned, the last one specifically because of frustration over perceived inequities in employee benefits. Time is spent training new contract employees. This repeated training time could be spent working to maintain bureau alignment with host country tax laws. To retain competent, experienced personnel, RFE/RL needs to convert contract staff in bureau administration to permanent positions with full benefits.

Recommendation 1: The Broadcasting Board of Governors should ensure that Radio Free Europe/Radio Liberty converts the two contractor positions that prepare the requirements for bureaus to meet tax and labor law to permanent, regular staff with full employee benefits. (Action: Broadcasting Board of Governors)

RFE/RL plans to address the need for additional support positions through the FY 2004 budget process, stating present resources are not sufficient to convert the two positions. Because of the potential liability for non-compliance, OIG encourages RFE/RL to manage resources and convert the two positions as soon as possible.

Inventory Management Controls

RFE/RL's inventory management process, administered centrally in Prague, does not result in the timely disposition of obsolete equipment. During its review of the inventory at the bureaus, OIG found that bureau staffs were confused about how to handle obsolete equipment. Staff believed current disposal rules made it impossible to donate obsolete equipment to local charities or schools. RFE/RL told OIG that its disposal rules date back to a directive by the Board for International Broadcasting, which was dissolved in 1995 when BBG was established. OMB Circular A-110, Section 32: Uniform Requirements for Grants, states, "when real property is no longer needed..., the recipient shall request disposition instructions from the federal awarding agency or its successor federal awarding agency...." Officials at RFE/RL told OIG that it has not asked BBG, the awarding agency, for updated disposition instructions.

During its physical inventory at the bureaus OIG found outdated equipment sitting in hallways, on top of cabinets, and in storage facilities. The Moscow bureau spent almost \$10,000 dollars to rent two warehouses to store obsolete equipment during 1999 and 2000. Timely disposition might have avoided these storage costs.

Recommendation 2: The Broadcasting Board of Governors should ensure that Radio Free Europe/Radio Liberty disposes of obsolete equipment in accordance with Office of Management and Budget Circular A-110. (Action: Broadcasting Board of Governors)

The Broadcasting Board of Governors has requested that, whenever feasible, all BBG broadcasting entities, not only RFE/RL, should donate equipment deemed obsolete to affiliate radio stations or other institutions in the broadcast regions.

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LIST OF RECOMMENDATIONS

Recommendation 1: The Broadcasting Board of Governors should ensure that Radio Free Europe/Radio Liberty converts the two contractor positions that prepare the requirements for bureaus to meet tax and labor law to permanent, regular staff with full employee benefits. (Action: Broadcasting Board of Governors)

Recommendation 2: The Broadcasting Board of Governors should ensure that Radio Free Europe/Radio Liberty disposes of obsolete equipment in accordance with Office of Management and Budget Circular A-110. (Action: Broadcasting Board of Governors)

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LIST OF ABBREVIATIONS

BBG	Broadcasting Board of Governors
OIG	Office of Inspector General
OMB	Office of Management and Budget
RFE/RL	Radio Free Europe/Radio Liberty

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**BROADCASTING BOARD OF GOVERNORS
UNITED STATES OF AMERICA**

August 28, 2002

Mr. Clark Kent Ervin
Inspector General
Office of Inspector General
Department of State
Washington, D.C. 20520-6817

Dear Mr. Ervin:

The Broadcasting Board of Governors appreciates the opportunity to comment on the draft report entitled, "Review of Administrative Operations of Radio Free Europe/Radio Liberty Bureaus."

I am forwarding here a letter from RFE/RL President Thomas Dine that responds to the report's recommendations.

I would note additionally that the Board, at the July meeting, requested that whenever feasible all BBG broadcasting entities, not only RFE/RL, should donate equipment deemed obsolete to affiliate radio stations or other institutions in the broadcast regions.

I hope this information can be incorporated in the final report. Please feel free to contact Bruce Sherman at (202) 401-3736, if you have any questions or need additional information.

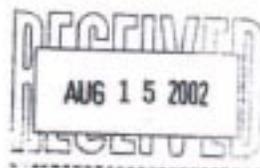
Sincerely,

Kenneth Y. Tomlinson
Chairman

Enclosure: As stated



THOMAS A. DYNE
PRESIDENT



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CZECH REPUBLIC
TEL. (004202) 2112 2000
FAX. (004202) 2112 3002

August 6, 2002

Kenneth Y. Tomlinson Chairman
Broadcasting Board of Governors
330 Independence Avenue, SW, Suite 3360
Washington, D.C. 20547

Dear Mr. Chairman,

On behalf of RFE/RL, Inc., I would like to address the Department of State Office of Inspector General (OIG) draft report titled *Review of Administrative Operations of Radio Free Europe/Radio Liberty Bureaus*. Through a series of meetings and e-mail exchanges with the Office of International Broadcasting Oversight, RFE/RL has provided the OIG staff with detailed knowledge of our administrative operations in Prague, Czech Republic, as well as our news bureaus in the field.

We appreciate the acknowledgement made in the draft report about the challenges we have faced in regularizing our bureaus in countries with frequently unstable governments. I am proud of our accomplishments to date and am confident that we will continue to build upon the success we have encountered in many of our bureau locations.

After visiting four bureaus and meeting with several RFE/RL departments in Prague and Washington, the OIG staff produced a report citing two recommendations. The first of which relates to the employment status of specific RFE/RL staff, while the second concerns the proper disposal of obsolete equipment. I would like to respond to each recommendation separately below:

Recommendation 1

I agree with the recommendation that RFE/RL's Bureau Administration Department should be staffed with experienced personnel that are treated equitably compared to other RFE/RL staff. In fact, we are currently in the process of reviewing RFE/RL's budgeted positions within our 'Table of Organization' and making the necessary adjustments to accommodate the strategic priorities within each division, broadcast service, department and office. RFE/RL's mission has grown significantly over the last few years, as you know, with the initiation of broadcasting to Iraq, Iran, Macedonia, Afghanistan, and the North Caucasus. However, there has been little or no growth in the administrative staff responsible for this increased programming.

Complying with the recommendation of converting local contractors to regular full-time positions is a challenge which requires further reassessment of the 'Table of

Organization'. RFE/RL currently has 600 full-time positions fully allocated throughout the language services and supporting departments and divisions. Due to the growth cited above, we have been experiencing consistent internal requests for additional staff, especially in support areas. As such, in order to find two additional positions for Bureau Administration from an already scarce supply, we would be forced to reallocate from other priority services or departments.

Instead, RFE/RL plans to address the need for additional support positions through the FY 2004 budget process. We will work with the BBG to identify all such requirements and the needs of the Bureau Administration Department will be carefully considered in this exercise.

Recommendation 2

RFE/RL currently adheres to internal policies and procedures regarding the disposal of equipment (RFE/RL Policy and Procedure 4.2 Asset Management, Section C -Asset Disposal), keeping within the OMB Circular A-110 regulations. For equipment/property with unit values less than \$5,000 the procedures below are followed:

- a. Equipment is identified as obsolete by the relevant departments involved. Approval and documentation by the Department Director (or Bureau Administrator) is then provided to our Central Purchasing Office (CPO).
- b. Once all approvals and documentation are complete, it is offered to other USG organizations, including the local US Embassy. If another USG organization has a need for the equipment in question, it is transferred as agreed.
- c. If the equipment is not required by another USG -organization, CPO attempts to sell it, if possible, obtaining 3 offers in the competitive bid fashion outlined in OMB Circular A-110.
- d. If the equipment cannot be sold, the Division Director (in communication with CPO) declares the equipment/property as obsolete and we arrange for its disposal/ destruction.

For equipment/property with unit values greater than \$5,000 the same process holds true, except that after the first step (a.), approval from the BBG is necessary. In this case, step (a.1.) is adhered to as follows:

- a. 1. A request for disposition instruction concerning such property purchased with grant funds is submitted to the BBG. RFE/RL's current policy is to comply with OMB Circular A-110, Section 34 (g) (4) (ii) and await a response for the proposed disposition for 120 days, at which time if the BBG has not responded to the request, the disposition is considered approved.

Members of the OIG staff have suggested that we donate equipment deemed obsolete by RFE/RL to organizations that can use it. Throughout our presence in the Czech Republic but most especially over the past year, we have worked with the US Embassy in Prague

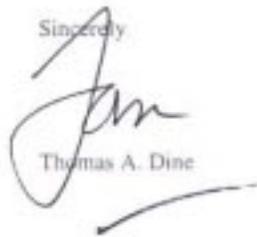
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to donate equipment that is still usable. If unable to donate the equipment locally, RFE/RL usually discards the equipment as depicted above.

In discussion with the BBG recently on this matter, we have been advised that equipment deemed obsolete by RFE/RL should be donated to radio stations in our target countries, when possible. We agree that some of our outdated equipment could be utilized by many of our affiliate radio stations, as well as NGO's, charities, universities, schools, and hospitals, located in countries we broadcast to and we will make every effort to do so in an economic manner.

In closing, I am confident that RFE/RL will continue to adhere to OMB Circular A-110 and support the GIG recommendations. If the GIG has any questions relating to the procedures outlined above, they should contact Tony Scardino at (202) 457-6905.

Sincerely,

A handwritten signature in black ink, appearing to read "Tom", is written over the typed name "Thomas A. Dine". A horizontal line is drawn below the signature.

Thomas A. Dine

List of RFE/RL Language Services, Related Bureaus,
and Status of Tax Compliance as of May 17, 2002

	Bureau Location(s)	Language Service	Compliance Status ^a
1	Kabul	Afghani (Dari and Pashto)	No
2	Belgrade, Yugoslavia	South Slavic and Albanian ^b	In process
3	Podgorica, Montenegro		In process
4	Sarajevo, Bosnia		Yes
5	Banja Luka, Bosnia		Yes
6	Skopje, Macedonia		No
7	Pristina, Kosovo		No
8	Zagreb, Croatia		In process
9	Yerevan	Armenian	Yes
10	Baku	Azerbaijani	No
11	Minsk	Belarusian	No
12	Sofia	Bulgarian	Yes
	No bureau	Czech	N/A ^c
13	Tallinn	Estonian	Yes
14	Tbilisi	Georgian	Yes
15	Almaty	Kazakh	Yes
16	Astana		Yes
17	Bishkek	Kyrgyz	Yes
18	Riga	Latvian	Yes
19	Vilnius	Lithuanian	Yes
	No bureau	North Caucuses	N/A ^d
20	London	Persian Service (Farsi)	Yes
		Radio Free Iraq (Arabic)	Yes
21	Bucharest	Romanian/ Moldavian	Yes
22	Chisinau		Yes
23	Moscow	Russian	Yes
24	Ekaterinaburg		Yes
25	St. Petersburg		Yes
26	Bratislava	Slovak	Yes
27	Dushanbe	Tajik	No
28	Kazan	Tatar-Bashkir	Yes
	No bureau	Turkmen	N/A ^e
29	Kiev	Ukrainian	Yes
30	Tashkent	Uzbek	Yes

^a The listed status is according to RFE/RL officials.

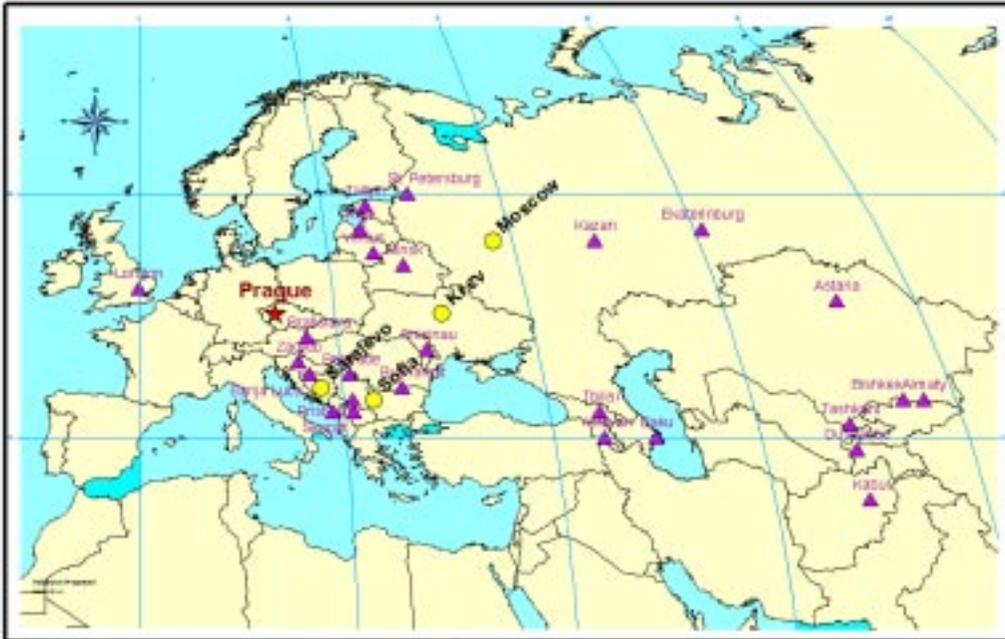
^b Includes Albanian, Bosnian, Croatian, Macedonian, and Serbian.

^c RFE/RL currently broadcasts from the headquarters in Prague.

^d New service, yet to establish a bureau.

^e No bureau because of country restrictions.

Geographical Listing of RFE/RL Bureaus



Legend

▲ RFE/RL Bureau

● Site Visited

★ RFE/RL Headquarters

Registration and Tax Compliance Update for RFE/RL Bureaus

Reviewed by OIG as of March 2002

Status	Sarajevo	Moscow	Kiev	Sofia
OIG visits in 2002	February 24-27	March 1-12	March 14-17	March 20-25
Registered with host government	July 2001	August 1991 ^a	October 1999	October 1999
Contracts completed Income tax on gross income withheld from staff	February 2002 Employees: 5%; freelancers: 10%-18%, depending on locality	July 1998 13%	April 2001 Full time: progressive scale up to 40%; free-lancers: 20%	November 1999 Progressive scale from 18% to 29%
Social taxes on gross income paid by employer	Full time: 47.059% Freelancers: no liability ^b	Unified social tax at regressive rates from 35% to 5%	37.94% (with a \$115 cap)	32.2% (pension, accident, health insurance, and unemployment fund; exact rates differ by age)
Social taxes on gross income paid by staffer	None	None	Employees: 3% Civil contractors: 2%	Employees: 10.5%
Last tax code change	February 2002	January 2002	February 2002	January 2002
Independent verification (yes/no)	Review planned	Yes	Yes	Yes

^a Presidential decree.

^b In Bosnia, taxes are calculated on the net salary.

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