

No. 168

**UNITED STATES OF AMERICA
and
CANADA**

Exchange of notes constituting an agreement relating to provincial and municipal taxation on United States defence projects in Canada. Ottawa, 6 and 9 August 1943

English official text communicated by the Permanent Representative of the United States of America at the seat of the United Nations. The filing and recording took place on 14 April 1949.

**ETATS-UNIS D'AMERIQUE
et
CANADA**

Echange de notes constituant un accord relatif à l'application des impôts provinciaux et municipaux en ce qui concerne les ouvrages de défense exécutés au Canada pour les Etats-Unis. Ottawa, 6 et 9 août 1943

Texte officiel anglais communiqué par le représentant permanent des Etats-Unis d'Amérique au siège de l'Organisation des Nations Unies. Le classement et l'inscription au répertoire ont eu lieu le 14 avril 1949.

No. 168. EXCHANGE OF NOTES¹ CONSTITUTING AN AGREEMENT BETWEEN THE UNITED STATES OF AMERICA AND CANADA RELATING TO PROVINCIAL AND MUNICIPAL TAXATION ON UNITED STATES DEFENCE PROJECTS IN CANADA. OTTAWA, 6 AND 9 AUGUST 1943

I

The Canadian Secretary of State for External Affairs to the American Minister

DEPARTMENT OF EXTERNAL AFFAIRS
CANADA

Ottawa, August 6th, 1943

No. 91

Sir,

I have the honour to refer to your note No. 859 of March 23rd¹ and to your subsequent note No. 902 of May 29th,² concerning the possibility of exempting from Provincial and municipal taxation the United States Government and the United States contractors engaged on the Alaska Highway and other United States defence projects in Canada. The Canadian Government is anxious to reach a settlement of this question which is fair to all parties concerned and which is in keeping with the spirit of mutual helpfulness which has animated both Governments with regard to the defence projects.

2. In the view of the Canadian Government the United States Government itself cannot be effectively taxed by Provincial or municipal authorities. If in any instance an attempt is made by those authorities to tax the United States Government either in respect of real property which it owns or of which it is a lessee, or in respect of licence fees on motor vehicles owned by the United States Government, the Canadian Government will intervene in the legal proceedings and request the Court to accord appropriate immunities. Should the Court hold, contrary to the expectations of the Canadian Government, that the United States Government is legally liable to pay such taxes or licence fees, the Canadian Government will, as a contribution to the general costs of the defence projects, reimburse the United States Government for any Provincial or municipi-

¹ Came into force on 9 August 1943, by the exchange of the said notes.

² Not printed by the Department of State of the United States of America.

pal taxes levied in respect of such projects which the United States Government had been held liable to pay and had paid.

3. In order to keep the record clear it might be well to point out that the Canadian Government does not consider that any exemption from municipal taxation would be appropriate in the case of owners of property who have leased it to the United States Government. In cases in which improvements have been made on property so leased, assessments will normally be made against the owner who is legally bound to pay the taxes exactly as he would be if the lessee were the Canadian and not the United States Government.

4. United States contractors employed by the United States Government on its military projects in Canada are, of course, legally bound to pay whatever municipal taxes may be assessed against them as owners or lease-holders of property and whatever municipal fees may be charged for building permits in connection with these lands. The Canadian Government will undertake to refund to the United States Government any amounts which that Government may pay to United States contractors in respect of this taxation. Any such payments made by the Canadian Government will form part of its contribution to the cost of the defence projects.

5. The Canadian Government will also reimburse the United States Government for any payments which it may have to make to United States contractors in respect of licence fees for motor vehicles employed on the United States defence projects in Canada. Any such payments made by the Canadian Government will form part of its contribution to the cost of the defence projects.

6. The Governments of the Provinces in which United States projects are being executed will be requested by the Government of Canada not to impose licence fees on non-military drivers of trucks belonging to the United States Army and not to levy head or poll taxes upon non-military personnel normally resident in the United States which is engaged on United States military projects in Canada. It appears that in the Province of Alberta the poll tax is devoted to educational purposes and the exemption of United States non-military personnel from this tax will carry with it a liability to pay school fees should any of the United States personnel wish to send their children to public schools in the Province.

7. I should be glad to receive your assurance that these proposals for dealing with the problem of the burden of Provincial and municipal taxation on United States defence projects in Canada will meet the wishes of the United States Government.

Accept, Sir, the renewed assurances of my highest consideration.

N. A. ROBERTSON
for the Secretary of State for External Affairs

The United States Minister to Canada
Legation of the United States of America
Ottawa

II

The American Minister to the Canadian Secretary of State for External Affairs

LEGATION OF THE UNITED STATES OF AMERICA

Ottawa, Canada, August 9, 1943

No. 2

Sir:

I have the honor to acknowledge the receipt of your note No. 91 of August 6, 1943, concerning Provincial and municipal taxation levied upon the United States Government, the United States contractors engaged on the Alaska Highway, and other United States defence projects in Canada, and to confirm that the proposals outlined in your note for dealing with the problem meet with the wishes of the United States Government.

Accept, Sir, the renewed assurances of my highest consideration.

Ray ATHERTON

The Right Honorable
The Secretary of State for External Affairs
Ottawa