

No. 2291

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**UNITED STATES OF AMERICA  
and  
CANADA**

**Exchange of notes constituting an agreement modifying, so far as it applies to the United States of America and Canada, the Agreement of 27 March 1941 between the United States of America and the United Kingdom of Great Britain and Northern Ireland relating to bases leased to the United States. Washington, 13 February and 19 March 1952**

*Official text: English.*

*Registered by the United States of America on 7 October 1953.*

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**ÉTATS-UNIS D'AMÉRIQUE  
et  
CANADA**

**Échange de notes constituant un accord modifiant, en ce qui concerne les États-Unis d'Amérique et le Canada, l'Accord du 27 mars 1941 entre les États-Unis d'Amérique et le Royaume-Uni de Grande-Bretagne et d'Irlande du Nord relatif aux bases cédées à bail aux États-Unis. Washington, 13 février et 19 mars 1952**

*Texte officiel anglais.*

*Enregistré par les États-Unis d'Amérique le 7 octobre 1953.*

No. 2291. EXCHANGE OF NOTES CONSTITUTING AN AGREEMENT<sup>1</sup> BETWEEN THE UNITED STATES OF AMERICA AND CANADA MODIFYING, SO FAR AS IT APPLIES TO THE UNITED STATES OF AMERICA AND CANADA, THE AGREEMENT OF 27 MARCH 1941<sup>2</sup> BETWEEN THE UNITED STATES OF AMERICA AND THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND RELATING TO BASES LEASED TO THE UNITED STATES. WASHINGTON, 13 FEBRUARY AND 19 MARCH 1952

## I

*The Canadian Ambassador to the Acting Secretary of State*

## CANADIAN EMBASSY

No. 109

Washington, D. C., February 13, 1952

Sir,

I have the honour to refer to the Recommendation made on March 30, 1950, by the Permanent Joint Board on Defence relating to the Agreement of March 27, 1941<sup>2</sup> between the Governments of the United Kingdom and of the United States of America concerning bases in Newfoundland leased to the United States, the text of which Recommendation is annexed hereto.

As you know, the Canadian Government approved this Recommendation on March 21, 1951. I understand that the President of the United States of America approved it on August 1, 1950.

Paragraph (a) of the section of the Recommendation dealing with income taxation said that certain provisions should be included in the then proposed revised United States-Canadian Double Taxation Convention. The suggested provisions were, in fact, included in the revised convention between our Governments, which was signed on June 12, 1950<sup>3</sup> and came into force on November 21, 1951.

<sup>1</sup> Came into force on 19 March 1952, by the exchange of the said notes.

<sup>2</sup> League of Nations, *Treaty Series*, Vol. CCIV, p. 15; also United Nations, *Treaty Series*, Vol. 88, p. 273.

<sup>3</sup> Convention modifying and supplementing the Convention and accompanying Protocol of 4 March 1942 for the avoidance of double taxation and the prevention of fiscal evasion in the case of income taxes. Signed at Ottawa, on 12 June 1950. United Nations, *Treaty Series*, Vol. 127, p. 67.

Several provisions of the Recommendation of the Board were to the effect that, by Exchange of Notes, certain changes should be made in the application of the Leased Bases Agreement of 1941. I propose, therefore, that this Note and your favourable reply shall as from the date of the reply constitute an Exchange of Notes within the meaning of the annexed Recommendation, modifying the Leased Bases Agreement of 1941 in the manner set forth in the Recommendation so far as the application of that agreement concerns Canada and the United States.

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

H. H. WRONG

The Honourable James E. Webb  
Acting Secretary of State  
Department of State  
Washington, D. C.

PERMANENT JOINT BOARD ON DEFENCE  
RECOMMENDATION OF MARCH 28-30, 1950

The Board decided to make the following Recommendation :

TAXATION

(a) That there be included in the proposed revised United States—Canadian Double Taxation Convention, on a reciprocal basis, the exemption from Canadian income taxation (on income derived from outside Canada) of :

- (1) U.S. Service personnel serving in Canada,
- (2) U.S. civilians employed by the U.S. Government in Canada,
- (3) the wives and minor children of (1) and (2).

(b) That, by an exchange of diplomatic notes, the provisions of Article XVII of the Leased Bases Agreement conferring the exemptions described in (a) above be cancelled as of the date of the coming into force of the proposed revised Double Taxation Convention in a form justifying such cancellation.

(c) That the exemption from Canadian income taxation, under Article XVII of the Leased Bases Agreement, of the following categories of persons be discontinued by an exchange of notes :

- (1) U.S. contractors, or contractors ordinarily resident in the United States, in respect of their profits arising from work at the leased bases,
- (2) U.S. civilians employed by contractors at the leased bases,
- (3) the wives and minor children of (2).

(d) That the foregoing be without prejudice to the remaining taxation exemptions conferred by Article XVII of the Agreement.

#### CUSTOMS AND EXCISE EXEMPTIONS

(a) That the customs and excise exemptions accorded to contractor-owned equipment under the terms of Article XIV (I) (a) of the Leased Bases Agreement be suspended by an exchange of notes ;

(b) That it be agreed by exchange of notes that Article XIV (1) (d) does not accord customs and/or excise exemptions on personal belongings and household effects of contractors and their U.S. employees (after first arrival) or customs and/or excise exemptions on purchases in Canada, outside the leased areas, by U.S. military or civilian personnel, or their families ;

(c) That the U.S. authorities continue to exercise every precaution to prevent abuse of the customs and excise privileges enjoyed under the Leased Bases Agreement.

#### POST OFFICES

That it be agreed by exchange of notes that the U.S. military postal system in operation at the Newfoundland bases conform to the following stipulations :

(a) That they provide military postal services only for U.S. military agencies, U.S. military personnel, authorized U.S. civilians, and their dependents,

(b) That they despatch mail only to the United States, its possessions and territories and its military postal installations,

(c) That geographical locations be not indicated by date stamp or cancellation stamp.

#### JURISDICTION

(a) That the Government of the United States, through an exchange of diplomatic notes, agree to waive its rights of jurisdiction under the Leased Bases Agreement over Canadian citizens, other British subjects, and alien civilians other than those subject to U.S. military law by reason of their accompanying or serving with the U.S. Forces.

(b) (1) That the Governments of the United States and of Canada, through an exchange of diplomatic notes, agree to suspend the exercise of their rights of jurisdiction under Article IV of the Leased Bases Agreement other than those waived by the U.S. Government under (a) above, for a period of five years, and thereafter subject to six months' notification of termination, except that in the event of war or other emergency the suspension shall, on notification given by either Government, cease to operate ;

(2) That the Canadian Government, as a condition precedent to the waiver and suspension of the exercise of rights under Article IV and to the extension to Newfoundland of an amended Visiting Forces (USA) Act, give satisfactory assurances that the U.S. officials in Newfoundland will have a degree of jurisdiction comparable to that which they now in fact exercise. In this connection, the U.S. Section would regard the proposed letter from the Government of Canada to the Government of Newfoundland,

with a reply from the Newfoundland Government that jurisdictional conditions would remain substantially as now exercised, as the basis for satisfactory assurances to be given by the Canadian Government.

(c) That the Canadian Government undertake to seek legislation to protect U.S. interests in security offences as envisaged by Article V of the Leased Bases Agreement.

(d) That the Canadian Government seek amendment to the Visiting Forces (USA) Act to provide for the compulsory attendance of witnesses required by U.S. Service courts.

(e) That either Government should be free to raise through appropriate channels the matter of any difficulties arising out of the working of the foregoing jurisdictional arrangements.

## II

### *The Secretary of State to the Canadian Ambassador*

DEPARTMENT OF STATE  
WASHINGTON

March 19, 1952

Excellency :

I have the honor to refer to your note No. 109, dated February 13, 1952, annexing the Recommendation of March 30, 1950 by the Permanent Joint Board on Defense, relating to the Agreement of March 27, 1941 between the Governments of the United Kingdom and of the United States of America concerning bases in Newfoundland leased to the United States.

I note that the Canadian Government on March 21, 1951 approved this Recommendation, which had been approved by the President of the United States on August 1, 1950. It is further noted that certain provisions dealing with income taxation were included, in accordance with the Recommendation, in the revised Convention on Double Taxation between our Governments, which was signed on June 12, 1950 and came into force on November 21, 1951.

Accordingly, I have the honor to inform you that the Government of the United States concurs in your proposal that your note and this reply shall from the date of this note constitute an exchange of notes within the meaning of the above-mentioned Recommendation, modifying the Leased Bases Agreement of 1941 in the manner set forth in the Recommendation so far as the application of that Agreement concerns the United States and Canada.

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

Dean ACHESON

His Excellency Hume Wrong  
Ambassador of Canada