

of property to be used as the official residence of the Head of Mission or for chancery purposes, the Government of Canada will, on the basis of reciprocity, provide exemption from municipal and school taxes. The exemption applies from the time the foreign government takes physical possession of the property in question and the former occupants leave the premises. (It is not possible for the Government of Canada to provide reimbursement of taxes prepaid by vendors of property sold to foreign governments. The parties concerned should therefore take this factor into account during the negotiations leading to the purchase of the property).

If the premises belonging to the foreign government are to be used as the residence of a diplomatic officer other than the Head of Mission, concurrence will be given on condition that the foreign government agrees to pay the municipal and school taxes on the property.

When a foreign government intends to sell or sells real property which it already owns in Canada, its representatives should so inform the Department of External Affairs. Where a foreign government owns real property and wishes to alter its use, (for example, to change the Ambassador's residence to a chancery or to a residence for junior diplomatic officers), it is requested that the Department of External Affairs be consulted before the change is made, in view of the possibility that the change may conflict with zoning laws or may affect the right to tax exemption.

Foreign governments are expected to pay for water provided by the municipality and will receive bills directly from the municipal authority responsible. Since water is usually charged for at a rate based on consumption, it is essential to have a meter installed in the premises, if one is not already there, as soon as the mission takes possession.

When members of the staff of a mission purchase real property as private individuals the concurrence of the Government of Canada is not required, but the Department would appreciate being informed of such purchases. No tax exemptions can be provided in such case and the purchasers must pay all taxes on the real property.

The concurrence of the Government of Canada is not necessary for the renting of property. The Government of Canada does not, however, provide exemption from taxes on property rented by a foreign government. Under general Canadian practice, taxes on rented property are usually paid by the landlord, who takes the taxes into consideration when deciding on the rental. Therefore, a tenant contributes to school taxes indirectly, through his rent.

The laws of Ontario provide for the establishment of two school systems that differ on the basis of religious denomination. In Ontario a tenant may choose the school system he wishes to support, and may therefore change the rate of taxation applicable to him. If he so wishes, in Ontario, a tenant may have his contribution transferred from