

Municipal taxes on non-embassy real property in Canada
owned by foreign governments

7. The Secretary of State for External Affairs submitted a report (copies of which had been circulated) describing difficulties that had arisen in connection with municipal taxation of real property owned by foreign governments but not used for embassy purposes.

Municipalities in the Ottawa area received payments from government funds in lieu of most of the taxes on property owned by foreign governments in the area and used for legation purposes. Difficulties had arisen in connection with property for consular use and claims for exemption had been advanced which were likely to cause difficulties. The Supreme Court decision of 1942 dealing with municipal taxation on embassy property had not dealt with this problem.

It was proposed that foreign governments represented in Canada be advised that they should not purchase real property in Canada without the consent of the government; the foreign government should indicate purposes for which property was required and whether it was prepared to pay municipal taxes; the government would, if necessary, ask the municipality concerned, as an international courtesy, to grant exemption from taxes but, in event of refusal, the foreign government would be advised that the government could not approve the purchase unless a suitable undertaking were given to the municipality in respect of taxes.

In the case of consular properties already acquired, municipalities would be asked, as an international courtesy, to grant tax exemption but the government would not undertake any compensation.

(Minister's memorandum, Dec. 10, 1946 - Cabinet Document 348).

8. The Cabinet, after discussion, approved the course which the Minister proposed to follow in this respect.

Civil aviation; report on discussions with the
United States

9. The Minister of Reconstruction and Supply, referring to the decision taken at the meeting of December 10th, reported on discussions with U.S. officials in Washington during the preceding week.

Considerable progress had been made in clearing up a number of difficulties in the field of customs and immigration affecting air travel between the two countries.

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