

- (c) The ultimate determination of such final income tax liability will be based on the annual tax return made by the individual United States Government employee to the Government of Canada. Settlement of additional tax payments, beyond the total of allotted installment payments, or refund of possible overpayments, will be a matter between the individual employee and the Government of Canada. The United States Government will not authorize allotments of amounts in excess of those provided for in (2) (e) below and the United States Government shall not be liable for the payment of its employees' income tax in amounts beyond those voluntarily allotted by employees pursuant to this agreement.
- (d) At the end of each calendar year, the United States Government agencies will:
- (1) provide to each United States Government employee a statement of remuneration paid on a form prescribed by the Government of Canada which will reflect total annual earnings, Canada Pension Plan contributions or Registered Pension Fund contributions, and the amount allotted for income tax installment payments which have been paid by the United States Government to the Government of Canada on his behalf; and,
 - (2) provide the Department of National Revenue, Taxation, a summary of payments on a form prescribe by the Government of Canada, which shows the totals deducted or allotted from each employee for the various categories of remittances.
- (e) The allotment system will be applicable to those employees of the United States Government who on the basis of their United States Government remuneration would be liable to pay income tax in Canada, that is, to those employees whose taxable remuneration exceeds their total exemptions under the said income tax legislation. Arrangements will be made, with respect to current tax liability only, to permit the said employees to make allotments in an amount corresponding to that which would otherwise be withheld under income tax legislation in Canada.
- (f) The agencies of the United States Government in Canada will institute the above described allotment system within sixty days from completion of the exchanges of notes constituting this agreement.
- (g) This agreement does not in any manner alter the privileges and immunities derived by the contracting parties and their officers and employees from generally accepted principles of international law and from treaties and agreements in force between them nor shall this agreement affect the tax exempt status of any person. This agreement shall not subject the United States Government, its departments or establishments, or its officers or non-Canadian employees to any judicial or administrative action whether civil or penal in nature.
- (h) Technical implementing procedures may be entered into by representatives of the United States Government and the Government of Canada, Department of National Revenue, Taxation.

If these proposals are acceptable to the Government of Canada, I have the honor to propose that this Note, and your reply, shall constitute an Agreement