EXCHANGE OF NOTES (AUGUST 6 AND 9, 1943) BETWEEN CANADA AND THE UNITED STATES OF AMERICA RECORDING ARRANGE-MENTS FOR THE EXEMPTION FROM PROVINCIAL AND MUNICIPAL TAXATION OF UNITED STATES DEFENCE PROJECTS IN CANADA. ment for our payments which, it may be to make to United States continued in receipt in United States continued in receipt in the continued States continued in the continued in

The Secretary of State for External Affairs of Canada to the United States Minister

## DEPARTMENT OF EXTERNAL AFFAIRS DEPARTMENT OF EXTERNAL AFFAIRS OTTAWA, August 6th, 1943. No. 91

not annual. It appears that in the Province of Alberta the poli tax is do., aid I have the honour to refer to your note No. 859 of March 23rd and to your subsequent note No. 902 of May 29th, concerning the possibility of exempting from Provided No. 902 of May 29th, concerning the possibility of exempting from Provided No. 902 of May 29th, concerning the possibility of exempting from Provided No. 902 of May 29th, concerning the possibility of exempting from Provided No. 902 of May 29th, concerning the possibility of exempting from Provided No. 902 of May 29th, concerning the possibility of exempting from Provided No. 902 of May 29th, concerning the possibility of exempting from Provided No. 902 of May 29th, concerning the possibility of exempting from Provided No. 902 of May 29th, concerning the possibility of exempting from Provided No. 902 of May 29th, concerning the possibility of exempting from Provided No. 902 of May 29th, concerning the possibility of exempting t from Provincial and municipal taxation the United States Government and Un United States contractors engaged on the Alaska Highway and other United States defended to the Alaska Highway and other 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 which is in keeping with the spirit of mutual helpfulness which has animated both Government. 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 just the control of the Canadian Government the United States authorities. If in any instance an attempt is made by Provincial or municipal attended States Covered an attempt is made by those authorities to tax the United States Covered an attempt is made by those authorities it owns or of which States Government either in respect of real property which it owns or of which it is a lessen it is a lessee, or in respect of licence fees on motor vehicles owned by the United States Course in respect of licence fees on motor vehicles owned by the legal States Government, the Canadian Government will intervene in the legal proceedings and request the Court to accord appropriate immunities. Should the Court believed that the court believed the court believed to accord appropriate immunities. the Court hold, contrary to the expectations of the Canadian Government, that the United St. the United States Government is legally liable to pay such taxes or licence fees, the Canadian Government is legally liable to pay such taxes or licence fees, the Canadian Government is legally liable to pay such taxes of the defence project of the d defence projects, reimburse the United States Government for any Provincial or municipal. or municipal taxes levied in respect of such projects which the United States Government had been held to pay and had paid.
- 3. In order to keep the record clear it might be well to point out that the ladian Cover 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 sometimed to be sometimed. taxation would be appropriate in the case of owners of property who have leased it to the Transport of the t leased it to the United States Government. In cases in which improvements have been made. have been made on property so leased, assessments will normally be made against the owner rule owner rule as he would be if the the owner who is legally bound to pay the taxes exactly as he would be if the lessee were the lessee were the Canadian and not the United States Government.
- 4. United States contractors employed by the United States Government on military proits military projects in Canada are, of course, legally bound to pay whatever municipal taxos municipal taxes may be assessed against them as owners or lease-holders of property and relative to the contractors employed by the legally bound to pay what of property and relative to the contractors employed by the legally bound to pay what of the property and relative to the contractors employed by the legally bound to pay what of the property and relative to the contractors employed by the legally bound to pay what of the property and relative to the property and relativ property and whatever municipal fees may be charged for building permits in connection with the connection connection with these lands. The Canadian Government will undertake to

72840