

(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