

EXCHANGE OF NOTES BETWEEN THE GOVERNMENT OF CANADA AND THE  
GOVERNMENT OF THE UNITED STATES OF AMERICA CONSTITUTING AN  
AGREEMENT CONCERNING THE ADMINISTRATION OF INCOME TAX IN  
CANADA AFFECTING EMPLOYEES WITHIN CANADA OF THE U.S.A. SUB-  
JECT TO SUCH TAXATION

I

*The Ambassador of the United States of America to the Secretary of State  
for External Affairs of Canada*

Ottawa, August 1, 1973.

No. 157

SIR,

I have the honor to refer to recent discussions between representatives of the Government of the United States of America and representatives of the Government of Canada concerning the administration of income tax in Canada affecting employees within Canada of the Government of the United States of America who are subject to such taxation. In accordance with the understanding reached in these discussions, the Government of the United States of America and the Government of Canada, recognize:

- (a) the personal responsibility of all citizens to meet their tax obligations in their own country;
- (b) the responsibility of employers within Canada to withhold income tax from the remuneration payable to employees subject to such taxation;
- (c) the inapplicability of tax withholding laws in Canada to foreign diplomatic missions, and the absence of authority under United States law to compel the United States Government to withhold amounts from the remuneration of its employees in accordance with income tax legislation in Canada to which such employees are subject; and
- (d) the desire by the United States Government, within the limits of United States law, to cooperate fully in facilitating payment by its employees of their income tax in accordance with income tax legislation in Canada.

The Government of the United States of America has, therefore, the honor to propose the following:

- (a) The United States Government will institute in Canada an allotment system under which those United States Government employees subject to income tax legislation in Canada will be urged to make bi-weekly allotments from their United States Government remuneration in order to meet their obligation to pay income tax.
- (b) The United States Government agencies, at the end of each month, will remit the total of such allotted amounts to the Receiver General of Canada by established methods.