

LEGATION OF THE UNITED STATES OF
AMERICA

Ottawa, March 23, 1943.

No. 859

Sir,

Under instructions of my Government, I have the honor to bring to your attention information reaching us to the effect that provincial governments in western Canada contemplate imposing taxation, license fees, and other charges upon United States military activities within their jurisdictions which, if imposed, would appear to be detrimental to our joint war effort.

In an exchange of notes of March 17-18, 1942, on the construction of the Alaska military highway, the Canadian Government agreed, among other things,

"to waive import duties, sales taxes, license fees and other similar charges on all equipment and supplies to be used in the construction or maintenance of the road by the United States and on personal effects of the construction personnel"

and

"to remit income tax on the income of persons (including corporations) resident in the United States who are employed on the construction or maintenance of the highway."

Similar undertakings were given by the Canadian Government in respect of other war projects of the United States in Canada.

Considering the spirit of mutual helpfulness which motivated the decision of the federal government to grant exemption from taxation, license fees and other similar charges on such war projects, my Government is reluctant to believe that the provincial governments would wish to accord less favorable treatment. As an indication of the type of charges which are being contemplated, I may mention that the following have been brought to the attention of my Government:

- (1) taxation on improvement of property leased to the United States Government and to United States contractors for military purposes;
- (2) fees for building permits on land leased for military purposes;
- (3) license fees for motor vehicles used for military purposes;

The Right Honorable
The Secretary of State
for External Affairs,
Ottawa.