

*Succession Duty Agreement*

**The Chairman:** For purposes of discussion, is it agreed that I call the articles in the schedule?

**Some hon. Members:** Agreed.

Clause 1 stands.

On the schedule, Article I.

**Mr. Macdonnell:** I have the same question that I asked the last time. I presume these taxes, though phrased differently, cover the same ground. I should like to know whether in this case it was possible to reach full agreement or whether, as I understand happened in the case of Bill No. 415, there was certain difficulty. I am also curious to know why it takes only about half as many words to make an agreement with South Africa as it does with the Netherlands. Can that question be answered?

**Mr. McCann:** I am informed, Mr. Chairman, that the taxation systems of different countries differ widely. This provision has been made because of the fact that there were certain sections in other agreements for which this country did not wish to ask or which did not apply.

**Mr. Macdonnell:** Could the minister indicate in general just what is the difference?

**Mr. McCann:** I think that will come out as explanations are made of the different articles. Article I contains specific references to the respective taxes to which the agreement applies. In Canada it applies to the income tax, including surtaxes imposed by the government of Canada, and in South Africa it applies to the normal tax, supertax and non-resident shareholders' tax. The agreements shall apply also to any other taxes of a substantially similar character imposed by either contracting government during the time the agreement may be in force. In the agreement with which we dealt a few minutes ago that was spelled out in greater detail, and as a result there was a longer-appearing agreement.

Article I agreed to.

Articles I to IV inclusive agreed to.

On the schedule, Article V.

**Mr. Macdonnell:** I notice that in the two agreements affecting income taxes the operation of ships and aircraft are treated in a specified way. What is the reason for that?

**Mr. McCann:** The difficulty lies in determining just where the profits are made. A ship may call at a port and take on cargo from which certain profits are derived. It is because of the difficulty in determining

exactly where the profits are earned that both countries agree that profits of that type should not be taxed.

**Mr. Macdonnell:** They are only taxed in the country of residence of the operator.

**Mr. McCann:** That is right.

Article agreed to.

On the schedule, Article VI.

**Mr. Macdonnell:** Again I ask for information. Is there a similar article concerning the period of 183 days residence in the agreement with the Netherlands?

**Mr. McCann:** Yes, there is.

Article agreed to.

Articles VII to XIII inclusive agreed to. Clauses 1 to 5 inclusive agreed to.

Schedule agreed to.

Title agreed to.

Bill reported.

**Mr. Deputy Speaker:** When shall this bill be read a third time? Now?

**Mr Knowles:** By leave.

**Mr. McCann** moved the third reading of the bill.

Motion agreed to and bill read the third time and passed.

**SUCCESSION DUTY**

AGREEMENT BETWEEN CANADA AND THE UNION OF SOUTH AFRICA FOR THE AVOIDANCE OF DOUBLE TAXATION

**Hon. J. J. McCann (Minister of National Revenue)** moved the second reading of Bill No. 415, to implement an agreement between Canada and the Union of South Africa for the avoidance of double taxation with respect to death duties.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Robinson (Simcoe East) in the chair.

On clause 1—*Short title.*

**Mr. McCann:** May I make a short statement. This is the fifth convention or agreement to be made with other countries by Canada for the purpose of removing double taxation and preventing fiscal evasion in relation to death duties. The others were with the United States, the United Kingdom, France and Ireland. The principal aims of this agreement are, first, exchange of information to prevent evasions; second, the granting of credits by the country of domicile, or residence in the case of South Africa, for duty paid by the same estate on the same assets to the other contracting country.