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Canada-Sweden Tax Agreement Signed Today

The Secretary of State for External Affairs, the Honourable Paul Martin, announced today that he had met with the Ambassador of Sweden, His Excellency Mr. Per Lind, to exchange the instruments of ratification for the Supplementary Agreement between Canada and Sweden for the avoidance of double taxation. This action has the effect of bringing the Supplementary Agreement, which was signed in Stockholm on January 21, 1966 into force effective today.

The purpose of the Supplementary Agreement is to amend the existing tax convention between Canada and Sweden by deleting a provision that prevents a non-resident withholding tax of more than 5% from being levied on dividends paid by a controlled subsidiary company in one of the countries to its parent company in the other. The deletion of this provision will leave the general rule that Canada will not impose a non-resident withholding tax in excess of 15% on dividends derived from sources within Canada by residents of Sweden. The same maximum rate will apply to dividends derived from sources within Sweden by residents of Canada.