

Government Orders

of the double taxation convention prepared by the Organization for Economic Co-operation and Development.

Second, each treaty has been negotiated individually and has taken into account the relevant policies in each country.

Third, Bill C-105 provides an equitable solution to the double taxation problems which exist between Canada and these countries. Double taxation occurs when international transactions result in the same income being taxable in the hands of the same person by more than one nation.

In addition, the protocol brings the convention with Hungary in line with the current Canadian tax policy, particularly with regard to the rates of withholding taxes.

Here are some of the technical aspects of Bill C-105 which apply to the treaties with Estonia, Latvia, and Trinidad and Tobago.

There will be a withholding tax rate of 5 per cent on dividends paid to parent companies and on branch profits, 10 per cent on interest and royalties, and management fees in the case of Trinidad and Tobago. A 15 per cent rate of withholding tax will apply on other dividends. The conventions also provide for a number of exemptions in the case of interest. For Estonia and Latvia, a zero rate will apply to interest paid to the governments, the central banks, the Export Development Corporation, and from sales made on credit. I could go on with more of the technical details of this bill, but I would like to talk about taxation in general.

Because there is more and more trade happening around the world, and for very good reason, we as a country want to ensure that our energies are put into doing the type of economic activities in which we have a trade advantage, where we are more competitive and have the resources, the skills and the technology which will enable us to be more competitive than other countries. We would be able to produce that product at a lower price than other countries that may not have the same advantages. As we see more and more trade developing around the world, some of the costs will decrease.

One of the most important things is taxation in general. As Canadians we have to ensure that we do not burden our companies and our business people with high taxes which would make it more difficult for them to compete in the international community.

Canadians are overtaxed and our tax system is too complicated. We have to work on both of those areas to ensure that we simplify our tax system and that we reduce the tax burden. If we do not do that, we will find it more and more difficult to compete around the world. If our neighbours or our trading partners have a much lower tax rate, obviously our companies and our business people will not have the same advantages.

• (1525)

As trade develops and the barriers come down, as we saw with the world trade agreement, we will need to focus more on taxation, on our rate of taxes and on the complexity of our taxation system. We will also need to ensure that our duties and excise taxes are also very competitive and consistent so that we can compete efficiently with the rest of the world.

Our finance minister will ensure that some of those areas get attention so that we can continue to be a strong trading nation. In doing that, we will continue to create employment and opportunities for all Canadians.

[Translation]

Mr. Don Boudria (Glengarry—Prescott—Russell, Lib.): Mr. Speaker, I have the pleasure to rise this afternoon to say a few words about Bill C-105, at second reading.

This piece of legislation implements tax conventions between Canada and Latvia, Estonia, Trinidad and Tobago and a protocol to the tax convention signed with Hungary.

Canada has signed tax conventions with 55 countries; Bill C-105 allows for the implementation of conventions with four of these countries. The purpose of these conventions is simply to avoid double taxation of income. This means that an individual would not be required to pay taxes both in Canada and Trinidad and Tobago, for instance, or in Canada and Hungary.

Indeed, some engineering companies in my riding do business in such countries, where they plan and build bridges and other things. I refer to civil engineering, of course. The purpose of this bill is to avoid things of this kind.

I must say that I was rather taken aback by the remarks made by the Bloc member this morning in the House. The member for Jonquière, I believe, used the time he had been given to speak on Bill C-105 to extol the virtues of separation.

The member opposite had a great time explaining that Bill C-105 meant that Quebec would automatically have access to all the international agreements signed by Canada. This is stretching the truth, to say the least. Indeed, it is true that Canada has agreements with several countries in order to avoid double taxation. But to say, as the member is claiming and as he mentioned in some of his statements, that Quebec, if it were to separate, and I hope that never happens, would automatically have all the rights or most of the rights that it now has within Canada in terms of international agreements, that is not only an exaggeration, but as we would say in Hawkesbury, "that is stretching it quite a bit".

I say to the member opposite that, what he would want Quebecers to believe is that, in fact, Quebec would automatical-