

United Nations and its agencies will be prescribed for the purpose of this provision. The deduction applies to the 1991 and subsequent taxation years. Because this is a deduction from taxable income, the problem of individuals having to pay provincial tax on their income from the international organizations will be eliminated.

Employees of international organizations (other than prescribed international organizations), who are residents of Canada or who are deemed to be residents of Canada will still be entitled to the credit under subsection 126(3) of the Act. This credit is however limited to the amount of the staff levy paid by the individual to the particular international organization. These individuals will be subject to provincial tax if they are considered to be factual residents of Canada while working outside Canada. The provinces of British Columbia and Ontario, by way of a remission order, have agreed to waive their right to collect provincial taxes for employees of international organizations. Individuals wishing to apply for relief under the remission orders must do so by writing to the respective provincial taxing authorities.

This information responds to many of the comments in the questionnaire. The transparency will increase when the list of *prescribed international organizations* is defined. No doubt Canadians employed at other than prescribed IO which do not have a staff levy will continue to need to determine their income tax status with Revenue Canada. In rare instances where Canadians within the UN common system are assessed income taxes, the IO will reimburse them.

Foreign income tax regimes are more friendly. Australia, France, Germany, and the United Kingdom provide full exemption for all offshore employment, while the United States provides an annual exemption of \$70,000 for all offshore employment. Quebec, since May of 1983, has a deduction plan that effectively eliminates from Quebec taxation all employment income earned on offshore assignments of greater than twelve months. Simplifying tax policy is an objective for the private sector, which advocates that eligibility for non-resident status should be provided to those whose assignments is for a minimum two year period.

Pensions

Respondents perceive resentment from many fellow Canadians for abandoning Canada to get a life of privilege and exotica. Linkages with Canada become subject to suspicion and scrutiny: some say that examples in the latter instance include the Revenue Canada process to determine residency status. The services which international organizations—and Canadians who serve in them—provide for Canada need to be explained and communicated to all concerned.

Canada/Quebec Pension Plans (CPP/QPP) and the Old Age Security Program (OAS) are Canadian issues. A third pension—and the biggest—is superannuation, primarily an (IO) employer issue. It is useful to present the views of Health and Welfare Canada, the agency with primary responsibility for the CPP and OAS.

As recently as July 1992, Health and Welfare Canada, concerning the eligibility for Canadians working for international organizations, confirmed:

Insofar as the Canada Pension Plan (CPP) is concerned, coverage in the Plan is based either upon the employer's connection with, and undertaking to fulfil, obligations under Canadian law or upon the employee's connection with Canada through the provisions of the Income Tax Act. Employees of international organizations who do not fall clearly into either of these groups are excluded from participation in the CPP. This exclusion has nothing to do with citizenship, as the CPP does not differentiate coverage on that basis.

However, an individual who was resident in Canada immediately prior to leaving the country to take up employment with one of the specialized agencies of the United Nations, such as the World Bank, could have his/her period of absence deemed to be residence in Canada for purposes of the Old Age Security program provided certain conditions are met. Specifically, individuals must return to Canada within six months after the end of their employment or attain pensionable age (currently 65) while so employed. In addition, during their employment outside Canada, persons in this group must have a permanent place of abode in Canada to which they intend to return or to maintain in Canada a self-contained domestic