



PRESS RELEASE

DEPARTMENT OF EXTERNAL AFFAIRS
OTTAWA - CANADA

No. 47

FOR RELEASE IN PAPERS OF
SATURDAY JUNE 20 1953

The Department of External Affairs announced today that by an Exchange of Notes between the Governments of France and Canada provisions of two Conventions removing double taxation in the fields of income tax and succession duties have now been brought into force. By the Exchange of Notes, signed in Ottawa on May 28, 1953, provisions on income taxation, with certain exceptions, and provisions on succession duties became effective retroactive to January 1, 1952.

The original agreements were signed in Paris, March 16, 1951, and a codicil to the Income Tax Convention was signed at Ottawa, October 6, 1951.

Under the Income Tax Convention the two Governments agree to follow certain rules in taxation on industrial and commercial profits earned in one country by business concerns of the other country. The agreement embodies the principle of "permanent establishment" of an enterprise in both countries and emphasizes residence rather than nationality as a basis for taxation. Each country undertakes generally to credit, with respect to its own levy, the amount of tax paid at the source on income from the other country. In the case of shipping and aviation concerns, taxation will be levied only by the country in which the headquarters are located. Other articles deal with royalties, pensions, annuities, earnings of professional men, public servants, teachers and students.

Retroactive effect is given to a provision limiting the taxation by France of Canadian companies which have had branch offices or subsidiaries in that country. Under the agreement, each Government may give administrative assistance to the other by way of information upon request in particular cases.

The Succession Duty Convention is limited mainly to reciprocal undertakings to allow credits in one country in respect of duty paid to the other country.