

paid by the Netherlands company to its Canadian shareholders, the dividend would be subject to a withholding tax of 15 per cent in the Netherlands.

Hon. Mr. Bouffard: A maximum.

Hon. Mr. Connolly (Ottawa West): Yes.

Hon. Mr. Davies: Thank you.

Hon. Arthur Marcotte: Honourable senators, I do not know anything about this bill: had it not been for the kindness of a colleague I might not have had a copy, and I have not had time to read it. Therefore I depend on the good faith of the honourable Leader of the Government (Hon. Mr. Macdonald), who has told us that this is good legislation. I cannot say any more. My associates have left, and I did not receive notice that I would be the lone representative of the Opposition. So, as I have said, I am relying on the assurance of the Leader of the Government that this is good legislation. I shall support it.

Hon. Senators: Hear, hear.

Hon. Mr. Macdonald: I thank the Acting Leader of the Opposition (Hon. Mr. Marcotte) for the confidence he has expressed in me. Speaking only for myself and for the Government, I will say we think that the bill is a good one. I suppose that my honourable friend also believes that it is sound legislation, because, if my memory serves me correctly, he supported similar bills previously when agreements which have been entered into with other countries were before us for approval.

The motion was agreed to, and the bill was read the second time.

THIRD READING

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Macdonald: I move the third reading now.

The motion was agreed to, and the bill was read the third time, and passed.

CANADA-SOUTH AFRICA INCOME TAX AGREEMENT BILL

FIRST READING

A message was received from the House of Commons with Bill 414, an Act to implement an agreement between Canada and the Union of South Africa for the avoidance of double taxation with respect to income tax.

The bill was read the first time.

SECOND READING

The Hon. the Speaker: Honourable senators, when shall this bill be read the second time?

Hon. W. Ross Macdonald: I move the second reading now.

Honourable senators, this bill, an Act to implement an agreement between Canada and the Union of South Africa for the avoidance of double taxation with respect to income tax, is similar to the bill which has just been passed by this house in respect to an agreement with the Netherlands.

The contents of this agreement are practically the same as those of the agreement with the Netherlands, except that there is no reference in this agreement to a 15 per cent withholding tax. Our Income Tax Act provides for a 15 per cent withholding tax on dividends payable to persons living outside this country, but there is no withholding tax provided for in Union of South Africa legislation. It was impossible to work out a satisfactory mutual agreement with the Union of South Africa in this respect, but I would point out that we are in no worse position than before. As a matter of fact, we are still in an advantageous position in that at the present time there is no withholding tax in the Union of South Africa.

Honourable senators, I think I can safely say that in every other respect this bill is practically the same as that just passed by the house.

The motion was agreed to, and the bill was read the second time.

THIRD READING

The Hon. the Speaker: Honourable senators, when shall this bill be read the third time?

Hon. Mr. Macdonald: I move the third reading now.

The motion was agreed to, and the bill was read the third time, and passed.

CANADA-SOUTH AFRICA DEATH DUTIES AGREEMENT BILL

FIRST READING

A message was received from the House of Commons with Bill 415, an Act to implement an agreement between Canada and the Union of South Africa for the avoidance of double taxation with respect to death duties.

The bill was read the first time.

SECOND READING

The Hon. the Speaker: Honourable senators, when shall this bill be read a second time?

Hon. W. Ross Macdonald: I move the second reading now.

Honourable senators, this bill is similar to the two pieces of legislation which we have just passed. I would point out, however,