

## Income Tax and Pensions

Income tax considerations, with salary and job content, were the top three factors respondents rated in the IO employment decision. Nearly 1 in 4 experience income

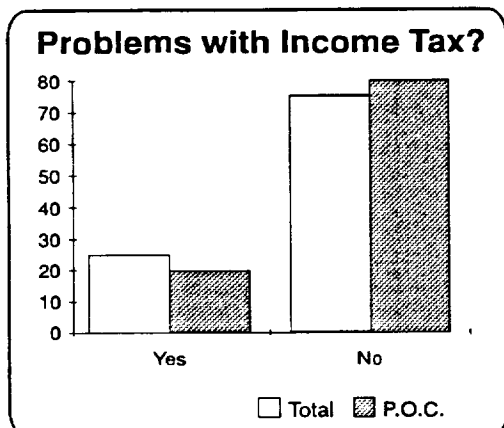


Figure 6

tax problems while on assignment and that increases to nearly 1 in 3 upon return to Canada (fig. 6). Few have income tax problems with other than Canadian authorities, where federal problems exceed provincial ones by about a 2:1 margin. Comments reveal that information on taxes and pensions is *not satisfactory*.

Pensions are not considered as big an issue as taxes by respondents. Superannuation benefits and pension plan portability rank in the lower half of fourteen factors. However,

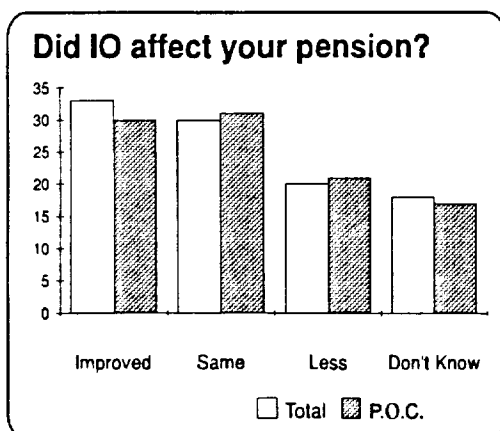


Figure 7

more than 60 per cent of respondents consid-

ered information on respectively superannuation and portability to be either poor or fair. Respondents also indicated uncertainty in the pension area (fig. 7), as almost 40 per cent said 'don't know' to whether their pension was portable; while 36 to 39 per cent considered their pensions to have improved, 25 - 27 per cent reported the opposite.

Income taxes are a Canadian problem, but respondents with pension problems identified their IO superannuation almost as frequently as the Canada or Quebec Pension Plan as being the problem. The incidence of problems (reported) with pensions—30 per cent—is more likely to occur than with income taxes. Similarly, twice as many have problems with superannuation or CPP/QPP than they do with Old Age Security (12%).

Comments criticized communication, and are directed at both the international organizations and the GOC. Respondents rate information on income tax (52%), superannuation (47%), and pension portability (62%) as poor or fair. Their frustration indicates the need for improved communication; pragmatically, decision-makers and employees at IO must be provided with the current state of regulations and procedures related to income taxes and pensions.

### Income Taxes

The UN system does not provide tax-free incomes; it has *staff assessment*, an equivalent to income tax.

On May 21, 1992, the Public Service Commission wrote to Revenue Canada Taxation, motivated in part by "numerous enquiries from Canadians... regarding the tax treatment of income received from an IO." A positive response, dated June 22, from the Director General, International Tax Programmes, expanded the application area to those employed at IO other than the UN and its agencies:

Individuals who are employed by prescribed international organizations will be entitled to a deduction from taxable income equivalent to the amount of income they earn from the international organization. It is intended that the