



PRESS RELEASE

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Tax Agreements between Canada and France

Agreements between Canada and France for removing double taxation in the fields of income tax and succession duties were concluded in Paris today. Major-General George P. Vanier, Canadian Ambassador, signed on behalf of Canada and Mr. Alexandre Parodi, Secretary General of the Ministry of Foreign Affairs, signed for the Republic of France.

These Agreements form part of the general programme of the Canadian Government of seeking international cooperation in removing tax obstacles which might otherwise hinder the free flow of capital and commerce across international boundaries. Agreements similar to those just signed with France have already been entered into with the United States, the United Kingdom and New Zealand. Discussions with other countries are in prospect.

The present Agreements with France follow closely the pattern set by Canada's tax agreements with other countries. Under the Income Tax Agreement the two governments agree to follow certain rules in taxing industrial and commercial profits earned in their country by business concerns of the other country. Parent-subsidiary corporation relationships are codified. Special provision is made for ships and aircraft. Other articles deal with royalties, pensions, annuities, earnings of professional men, public servants, teachers and students. Each country undertakes in a general way to allow a credit against its own tax for taxes paid at the source on income from the other country. 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 Agreement in the succession duty field is limited mainly to reciprocal undertakings to allow credits in one country in respect of duty paid to the other country.

These Agreements will be effective upon approval by the Canadian Parliament and the French National Assembly. It is expected that they will be dealt with in Canada during the present session of Parliament.
