

Ireland does not impose a tax on branch operations in Canada.

Then, there is a reference to a "funnel company," and I will tell you what it is in a moment. I do not think there are such things as funnel companies operating between Ireland and Canada, but we do have such a company in the Netherlands.

Canada agrees to exempt from its withholding tax on nonresidents the dividends paid by a certain kind of holding company known as a "funnel company" because it funnels its earnings, substantially all of which come from outside of Canada, to its parent company in Ireland. So, a funnel company is a Canadian company that receives all of its earnings from operations of companies outside of Canada, and which then funnels all of those earnings right through to the parent company in Ireland. In those circumstances Canada says that it will not impose its withholding tax.

There has been added to the Irish tax convention the provision I referred to in the United Kingdom agreement dealing with advanced studies by a resident of Canada going to Ireland. This they regard as being very important, having regard to their Dublin University and the people who go there to take advantage of the facilities for learning, and possibly also for teaching.

Then, in the Irish convention they deal with the method of taxation of profits earned by a Canadian life insurance company operating a branch in Ireland. Although they do not say this—and I would not expect them to say it in their agreement—the formula will be that which is provided in the United Kingdom agreement. However, the language which is used would lead you to that formula.

With respect to the agreement with Trinidad and Tobago you will see by looking at your chart that not all of the headings which you have in the United Kingdom agreement, and not all of the headings that you have in the agreement with Ireland, are headings in this agreement. They have negotiated and agreed on the headings which they regard as pertinent to the relationship between Canada and Trinidad and Tobago. But, to the extent that you have those headings you will find that they conform to those, and to the treatment that you will see in the United Kingdom convention.

Hon. Mr. Brooks: In that connection may I ask if this is the first agreement we have had with Trinidad and Tobago?

Hon. Mr. Hayden: Yes, it is the first one.

Hon. Mr. Brooks: Did we have any agreement with the confederation which included Barbados?

Hon. Mr. Hayden: Not that I am aware of. I think I explained earlier that Trinidad and Tobago came under the United Kingdom convention as long as they were colonies of the United Kingdom.

Hon. Mr. Brooks: They were part of a confederation, were they not, of which Barbados was a part?

Hon. Mr. Hayden: Yes, but my recollection is that that did not go on for very long—at least not long enough for a treaty to be negotiated. We have now negotiated a treaty with Trinidad and Tobago.

Hon. Mr. Brooks: I think that that is quite logical.

Hon. Mr. Hayden: In the agreement with Norway you will not find as many headings as there are in the agreement with the United Kingdom or in the agreement with Ireland, but those headings that you do find there are dealt with in the same way as they are dealt with in the United Kingdom tax convention.

Honourable senators, I apologize for running on as long as I have. There are many things that can be said, and there are many more that perhaps you would like to have me say—although perhaps I am presuming in that regard—but this, on a broad basis, is an explanation of the tax conventions. By this method of presenting this correlation that I have filed you can understand that I have saved myself quite a lot of work, while at the same time giving a full explanation, and I have also saved you considerable wear and tear in having to listen to it.

If there are any questions, I am quite ready to endeavour to answer them.

Hon. Mr. McCutcheon: Is it the intention of the sponsor of this bill to move that it be sent to a committee?

Hon. Mr. Hayden: I am in the hands of the Senate in that respect. I am ready to do anything the Senate wishes me to do.

Hon. Mr. McCutcheon: Then, I would move the adjournment of the debate.

Hon. John J. Connolly: Honourable senators, before the honourable senator's motion is agreed to I would ask his leave to intervene