

*Income Tax*

the Standing Committee on Finance, Trade and Economic Affairs, which is already loaded down with work.

Motion agreed to, bill read the second time and the House went into committee thereon, Mr. Faulkner in the chair.

On clause 1—*Short title.*

**Mr. Burton:** Mr. Chairman, I ask the minister to give us details of the specific application of this bill and the reasons for bringing it in at this time. I take it that some special cases must have been in mind when this agreement was concluded, particularly in the circumstances outlined by the hon. member for Edmonton West when the bill was being considered for second reading.

**Mr. Gray:** Yes, Mr. Chairman, I shall be happy to do that. First may I thank the hon. member for Edmonton West for his very constructive suggestion which led to the decision of this House to consider the bill in committee of the whole and thereby has helped expedite the business of the House in a positive and constructive way.

May I now respond to the question raised by the hon. member who has just spoken. The Ontario Department of Economics and Development asked the Canadian government to do what it could to secure an exemption from Swedish income tax for their trade representative in Stockholm. I am informed that the only feasible way for the Swedish authorities to do this, since the Ontario representative did not have diplomatic status, was to amend the income tax agreement.

The supplementary agreement makes two other changes. The present agreement is one-sided in that Sweden gives an exemption for officials from Canada regardless of their nationality, whereas Canada gives an exemption only if the officials are citizens of Sweden. The supplementary agreement, therefore, will provide a truly reciprocal regime by restricting the exemption given by Sweden to exclude citizens of Sweden and broadening the exemption given by Canada to include citizens of third states.

In other words—perhaps this will explain the point a little more simply—the exemption will in future not apply to remuneration paid by the sending country to citizens of the exempting country, but will apply to remuneration paid to citizens of the sending country and also to any citizens of third states who are employed by the sending country. I should add that the exemption for citizens of

third states is required by the Vienna Convention on Diplomatic Relations, which Canada has ratified. I hope these remarks will provide the information which my hon. friend has requested.

**Mr. Lambert (Edmonton West):** Mr. Chairman, I want to correct a wrong impression. When speaking previously I used the word “pensions”. I should have said, “other than pensions”. In my speech before second reading I mentioned pensions paid by governments. I should not have referred to pensions because what is involved is merely salaries paid by governments, since income of other kinds is also excluded.

**Mr. Skoberg:** Mr. Chairman, in this bill we have a perfect example of co-operation between two great nations of the world. I wanted to put that remark on the record.

**Mr. Knowles (Winnipeg North Centre):** And what is the hon. member’s name?

**Mr. Skoberg:** The minister previously suggested that there are similar agreements with 15 other countries. I am wondering whether there are any exceptions in addition to the ones he referred to in his opening remarks.

**Mr. Gray:** Mr. Chairman, the 15 agreements I referred to are with the following countries: The United States, the United Kingdom, New Zealand, Australia, Trinidad and Tobago, South Africa, Ireland, France, West Germany, the Netherlands, Sweden, Denmark, Finland, Norway and Japan. I have been informed that a number of these agreements in the past have been amended by supplementary agreement for purposes similar to those which led to this bill being before us. I regret that I do not have the information with me at the moment which would enable me to tell my hon. friend the content of the supplementary agreements, but I would be happy to try to provide this information to him directly, outside the House.

Clause 1 agreed to.

Clauses 2 and 3 agreed to.

Schedule agreed to.

Title agreed to.

Bill reported.

**Mr. Deputy Speaker:** When shall the said bill be read a third time?

**Mr. Knowles (Winnipeg North Centre):** By leave, now.

**Mr. Deputy Speaker:** Is this agreed?