



communiqué

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CANADA SIGNS TAX TREATY WITH ROMANIA

The Secretary of State for External Affairs, Don Jamieson and the Ambassador of the Socialist Republic of Romania, His Excellency Barbu Popescu signed in Ottawa today a Convention for the Avoidance of Double Taxation with respect to taxes on Income and on Capital. Attending the ceremony was the First Deputy Prime Minister of the Socialist Republic of Romania, Mr. Gheorghe Oprea.

After the 1971 reform of the Canadian tax system, the then Minister of Finance indicated that it would be necessary to revise existing tax treaties and to negotiate a large number of others. The Convention follows negotiations between Canada and Romania and its text is patterned on the draft Double Taxation Convention prepared by the Organization for Economic Co-operation and Development (OECD).

The Convention, which will enter into force upon the exchange of instruments of ratification, provides that a general rate of withholding tax of 15 percent will apply to dividends, branch profits, interest and royalties. The Convention also provides for a limited number of exceptions in the case of interest and royalties.

