Mr. Macnaughton: Would the minister explain the second sentence in article XIII which reads:

The amount to be deducted may not exceed that portion of the Canadian tax which corresponds to the proportion between the income of Congolese origin subject to the Congolese tax and the total income subject to the Canadian tax.

Could he tell us what the tax is today?

Mr. Fleming (Eglinton): The clause to which my friend is referring is the second part of the paragraph, and is actually paragraph 2 of article XIII?

Mr. Macnaughton: That is right, yes.

Mr. Fleming (Eglinton): I think the meaning here is clear, Mr. Chairman. Article XIII takes us back to the other convention, the convention between Canada and Belgium, because article XIII applies in the case of the second convention, except so far as it is expressly varied by the terms of the convention between Canada on the one hand and the Congo and Ruanda-Urundi on the other. We have to have reference here to the first clause in article XIII of the main convention, and that is quite an extended clause because it has parts (a), (b) and (c) to it.

In the main convention with Belgium, we have a provision in the second clause which reads as follows:

Except in the case of a non-resident-owned investment corporation, Canada shall deduct from the Canadian tax on income from sources situated in Belgium the amount of Belgian tax payable on such income. The amount to be deducted may not exceed that portion of the Canadian tax which corresponds to the proportion between the income of Belgian origin subject to Belgian tax and the total income subject to Canadian tax.

In place of that, this second convention provides as follows:

Except in the case of a non-resident-owned investment corporation, Canada shall deduct from the Canadian tax on income derived from sources situated in the Belgian Congo or Ruanda-Urundi the amount of Congolese tax payable on such income. The amount to be deducted may not exceed that portion of the Canadian tax which corresponds to the proportion between the income of Congolese origin subject to the Congolese tax and the total income subject to the Canadian tax.

We have approved the convention with Belgium which contains the clause I have read. The only difference between this clause and the clause in the main convention is that this, when referring to the tax from the country opposite to Canada, has reference to the income derived from sources in the Congo or Ruanda-Urundi and the tax referred to is always the Congolese tax. The clause about which my friend is asking obviously has the same meaning as in the main convention just approved, but the reference here to the tax is to the Congolese tax rather than the Belgian tax. There is no difference in principle or substance.

Mr. Macnaughton: In article XX it says:

This convention shall also be terminated outright should the convention referred to in the preamble between Canada and Belgium be terminated.

What would happen to the treaty in case the territory of Ruanda-Urundi becomes independent?

Mr. Fleming (Eglinton): It would depend entirely on the terms and on the nature of the change of status of the Congo or the territory. I do not believe one can anticipate every situation that might arise in that respect. If, for instance, the change that took place were to take the form of the incorporation of the Belgian Congo into the metropolitan territory of the kingdom of Belgium, then the convention applicable to the kingdom of Belgium would also apply in due course to any further territories that would be included within the metropolitan territory of the kingdom of Belgium.

But again that must yield to the terms of the legislation under which that transition in status would take place. In the convention there is provision for extension by understanding of the parties by exchange of notes in that behalf. If a major change of that kind occurred, in order to remove any doubts and to clarify the situation I should think it is likely that resort would be had to an exchange of notes covering the point.

Schedule agreed to.

Clauses 2 to 5 inclusive agreed to.

Title agreed to.

Bill reported.

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

Mr. Fleming (Eglinton): Now, by leave.

Mr. Deputy Speaker: Now, by leave?

Some hon. Members: Agreed.

Mr. Fleming (Eglinton) moved the third reading of the bill.

Motion agreed to and bill read the third time and passed.

PRAIRIE GRAIN ADVANCE PAYMENTS ACT

AMENDMENTS RESPECTING DELIVERY OF SEED GRAIN, MALTING BARLEY, ETC.

Hon. Gordon Churchill (Minister of Trade and Commerce) moved the second reading of Bill No. C-31, to amend the Prairie Grain Advance Payments Act.

He said: Mr. Speaker, Bill No. C-31 is introduced at this time to make certain amendments to the Prairie Grain Advance