BILATERAL TAX TREATIES

Question No. 2,573—**Mr. McKinnon:**

1. Did the government enter into a new tax treaty with various countries in December, 1980, which meant that pensions paid by the other countries to persons living in Canada could be taxed by the paying country?

2. (a) Does the new treaty state that the paying country will not levy any tax on the first $10,000 or £5,000 of pension in a year (b) does the exemption apply to pensions paid by Britain to residents in Canada and, if not, for what reason?

Hon. William Rompkey (Minister of National Revenue): 1. Bilateral tax treaties with Austria, Barbados, Indonesia, Italy, Republic of Korea, Malaysia, Romania, Spain, and the United Kingdom came into force in December, 1980, or January, 1981. The treaties have articles which provide generally that pensions paid by these countries to people living in Canada may be taxed by these paying countries with the exception of the Romanian treaty which does not have a pension article.

2. (a) The Canada-Italy treaty provides that pensions may be taxed in the paying country but only to the extent that the amount paid to a resident of the other country exceeds $10,000 or 12 million liras, whichever is the greater. The Canada-United Kingdom treaty provides that pensions may be taxed in the paying country but only to the extent that the amount paid to a resident of the other country exceeds $10,000 or £5,000, whichever is the greater.

(b) The exemption does not apply to pensions paid out of public funds of the United Kingdom or Northern Ireland or of the funds of any local authority in the United Kingdom. United Kingdom negotiators insisted that this exemption should not apply to these specific United Kingdom government pensions.

RCMP "E" HEADQUARTERS

Question No. 2,574—**Mr. McKinnon:**

Will the RCMP "E" Division headquarters be moved from Victoria to Vancouver and, if so (a) how many persons now working in Victoria will have their positions moved to Vancouver (b) for those employees who decide to move, who will absorb the additional expenses including (i) the differential in housing prices between the Vancouver and Victoria areas (ii) increased interest costs resulting from those obliged to accept new mortgages for Vancouver homes (iii) removal expenses (c) was a poll taken among those persons employed in Victoria to determine how many would not move to Vancouver even though their positions were transferred (d) did the RCMP and the Solicitor General authorize the move with no idea of the costs involved?

Hon. Bob Kaplan (Solicitor General): Yes.

(a) 195.

(b) Government funding will be provided in accordance with Treasury Board relocation directive.

(i) and (ii) Treasury Board relocation directive does not make provision for government funding of such expenses.

(iii) Government funding will be provided for removal expenses in accordance with Treasury Board relocation directive.

(c) Yes.

(d) No.

OLD AGE SECURITY

Question No. 2,575—**Mr. Baker (Nepean-Carleton):**

1. Did the government renew or attempt to renew discussions with the government of the United Kingdom with a view to convincing that government to reconsider its policy of refusing to index the pensions of British pensioners after they take up residence in Canada?

2. Is it the present policy of the government to pay to Canadians born in other countries only one-fortieth of the old age security pension for every year of residence in Canada, with a ten-year minimum qualification period, and, if so, has the government considered an alternative to the policy?

3. Does the government consider Canadians of British origin are left without an adequate pension from either the United Kingdom or Canada?

Mr. Doug Frith (Parliamentary Secretary to Minister of National Health and Welfare): 1. The minister has approached the government of the United Kingdom about this issue on more than one occasion. On January 9, 1978, following the exchange of a number of notes, the minister met in London with the Hon. David Ennals, then British secretary of state for social services. No tangible results were effected. (Prior to this meeting, the Hon. Marc Lalonde had discussed the subject with Mr. Ennals in April, 1977, and on two separate occasions in June, 1977, and December, 1978, the Prime Minister drew the attention of his British colleague to this issue). On October 22, 1980, the minister met with the Hon. Patrick Jenkin, secretary of state for social services, in London. The first subject raised was the possibility of there being a reciprocal social security agreement of the standard type between Canada and the United Kingdom, which would ensure the indexing of pensions paid by the United Kingdom to beneficiaries residing in Canada. Mr. Jenkin indicated ways by which he has had to cut social expenditures in the United Kingdom. He then stated categorically that it would not be possible for the United Kingdom to contemplate any new agreements, and that there was no possibility at all for an agreement between the two countries in the foreseeable future. Since then, there has been no change in the attitude of the British authorities.

2. The Old Age Security Act stipulates that a person who was under 25 years of age on July 1, 1977, or who was over 25 on that date but had no prior residence in Canada after his or her 18th birthday, would earn the right to an old age security pension at the rate of 1/40th for each complete year of residence in Canada after age 18, subject to a minimum of 10 years for payment in Canada and 20 years for payment abroad.

3. All benefits paid under Canadian legislation are paid in accordance with that legislation and are not based on citizenship. In the case of the Old Age Security Act, benefits are paid on the basis of residence in Canada and are the same for all beneficiaries. In the case of the Canada Pension Plan, benefits are paid in accordance with contributions made. The government regrets that the government of the United Kingdom does not index its benefits paid to U.K. citizens living in Canada.