

*Income Tax*

**Mr. Baldwin:** On a point of order, Mr. Speaker, I did not say the minister had a right to make provision for the borrowing. It is the minister who under regulations laid down by the Governor in Council gives the money to the corporation.

**Mr. Gray:** Mr. Speaker, I understood the hon. member to refer to the minister in the terms that I have spoken. If my recollection is not correct, I stand corrected. *Hansard* of course, will speak for itself. But it is basically the Canada Deposit Insurance Corporation that would be borrowing from the Consolidated Revenue Fund and would be making use of these moneys, as a lender-of-last-resort under certain very specific conditions to Canadian-controlled sales finance companies to ensure that they are in no worse position because they remain under Canadian control.

To conclude, Mr. Speaker, as hon. members have said it should be possible to give the clauses of the bill very detailed scrutiny in the finance committee of the House. I certainly hope this will be done. I expect it will be done. As I said earlier during second reading, this bill will fill a gap in the pattern of legislation designed for the supervision and inspection of financial institutions under federal jurisdiction, and will therefore help carry out the obligations of the federal government to protect the interests, not only of those who hold such certificates in them but those who invest in such companies, and the public generally. I therefore ask the support of the House for this measure.

● (8:50 p.m.)

Motion agreed to, bill read the second time and referred to the Standing Committee on Finance, Trade and Economic Affairs.

**INCOME TAX**

IMPLEMENTATION OF SUPPLEMENTARY  
AGREEMENT BETWEEN CANADA  
AND SWEDEN

**Hon. Herb Gray (for the Minister of Finance)** moved that Bill C-156, to implement a supplementary income tax agreement between Canada and Sweden, be read the second time and referred to the Standing Committee on Finance, Trade and Economic Affairs.

He said: Mr. Speaker, I think the House will expect me to provide some explanation of this bill. Briefly, as its title indicates, the purpose of the bill is to give legislative effect to the recently signed supplementary income

tax agreement with Sweden. In substance, the bill is similar to the bills implementing income tax agreements or supplementary income tax agreements between Canada and other countries that have been approved by the House since 1942. Canada now has in force 15 comprehensive income tax agreements, several of which, including the Canada-Sweden income tax agreement, have been amended by supplementary agreements.

The purpose of the present supplementary agreement, which forms the schedule to this bill, is to provide an exemption from Swedish income tax in respect of remuneration paid by a Canadian province to a provincial public servant for services he renders to the province while he is resident in Sweden. This will, in particular, give tax relief to an official of the government of Ontario who has been resident in Sweden but has been taxable by Canada as a deemed resident of Canada pursuant to section 139 of the Income Tax Act.

To ensure a measure of reciprocity, the supplementary agreement provides that a similar exemption will be given by Canada for remuneration paid to officials of political subdivisions of Sweden; but since Sweden has no political subdivision like a province, it also provides that both countries will give an exemption for remuneration paid to officials of local authorities of one of the countries posted to the territory of the other country. The existing agreement provides a reciprocal exemption for the remuneration of officials of the national government of one country serving in the other country.

The amendment proposed by this supplementary agreement would bring the agreement into line on this matter with the terms of most of Canada's other income tax agreements, which contain an exemption for remuneration of provincial officials and, in some cases, for remuneration of officials of local authorities.

The general policy of the government in recent years has been that income tax conventions should not be revised until the tax reform program is nearer to completion. An exemption has been made in this case because the matter is not a major one and the change is unlikely to conflict with decisions of Parliament on tax reform. And we have, of course, been pleased to be able to help provincial administrations in this way with the co-operation of the Swedish government and Parliament.