the current income tax treaty between Canada and Hungary. The tax conventions and the amending protocol this bill will ratify are patterned after conventions previously approved by this chamber. They break no new ground.

Tax treaties have two main specific objectives: the avoidance of double taxation and the prevention of tax evasion. More broadly, tax treaties facilitate investment and trade between the treaty countries and can help encourage reforms.

The treaties in the legislation before us are part of an ongoing series of tax treaties that began in 1971, when the reform of Canada's income tax legislation required Canada to expand its network of double taxation conventions with other countries. They also reflect Canada's willingness to reduce or eliminate certain forms of withholding to meet international norms and to advance our economic interests, including the competitiveness of our technological industries.

The treaties are patterned on the model double taxation convention prepared by the Organization for Economic Co–operation and Development. Each treaty has been negotiated carefully and individually. Each takes into account the relevant policies of the country with which we are undertaking this treaty. The treaties will provide an equitable solution to the double taxation problems that currently exist between Canada and these countries. In addition, the protocol to our treaty with Hungary brings the existing convention with that country into line with current Canadian tax policy, particularly in the area of withholding taxes.

Let me briefly restate during this third reading debate some of the technical provisions of Bill C–105 that apply to the treaties with Estonia, Latvia, and Trinidad and Tobago. First, there will be a withholding tax rate of 5 per cent on dividends paid to a parent company and on branch profits and 10 per cent on interest and royalties, which in the case of Trinidad and Tobago includes management fees, and also a 15 per cent rate of withholding tax that will apply on other dividends.

The conventions also provide for a number of exemptions in the case of interest. For Estonia and Latvia a zero rate will apply to interest paid to the governments, the central banks, the Export Development Corporation, and from sales made on credit. For Trinidad and Tobago, a zero rate will apply to interest paid for government indebtedness and on loans or credit from the Export Development Corporation or its equivalent there and for interest paid to pension plans.

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Canadians will benefit from any future changes extended by Estonia and Latvia to other OECD member countries with respect to withholding tax on copyright and patent royalties. Trinidad and Tobago will maintain the exemption on copyright royalties.

Pension payments and annuity payments in the case of Trinidad and Tobacco will be taxed at a maximum rate of 15 per cent in the source country. However, war pensions in Trinidad and Tobago will be exempted. In addition, social security pensions will be taxed in the originating country and the withholding tax rate on annuity payments will be dropped to 10 per cent.

Also with respect to Trinidad and Tobago, the two–year exemption for visiting teachers will no longer exist and seasonal workers will not have to pay Canadian tax if they earn under $8,500.

I return briefly now to the protocol negotiated with Hungary, which is also part of Bill C–105. As background, the Income Tax Act amendments in 1976 increased the rate of the withholding tax paid to non–residents from 15 per cent to 25 per cent unless reduced by a tax treaty.

The existing treaty between Canada and Hungary reduced the withholding tax rate to 10 per cent on dividends paid to a parent company and 15 per cent in all other cases. However, that convention was negotiated before the 1992 budget announced Canada's willingness to reduce its withholding tax on direct dividends to 5 per cent. The revised protocol before us today reduces that rate and the rate of branch tax to 5 per cent by 1997. There are no changes in the rates of withholding tax on other dividends.

The Government of Canada will lose no revenue as a result of the provisions in these treaties. Not only will Canada gain from increased trade and investment, but we will gain too from the reduced withholding tax rates and other concessions we have gained from these negotiations.

There is nothing contentious in this bill. I would like to take a moment to thank the House for its co–operation today, for providing for second reading in committee of the whole and now third reading. It is very much appreciated that the opposition parties that are participating in this debate today understand that this is a good step forward for the government.

This is a workaday legislation that will expand trade and investment opportunities between Canada and the countries with whom we have made this deal. Canada already has tax agreements with 54 nations. This bill will increase the number to 57.

I call on the House to give its support and bring a conclusion to this debate on third reading.

The Acting Speaker (Mr. Kilger): Is the House ready for the question?

Some hon. members: Question.