

Income Tax
INCOME TAX

MEASURE TO IMPLEMENT AGREEMENTS BETWEEN CANADA
AND CERTAIN COUNTRIES TO AVOID DOUBLE TAXATION

Hon. Donald S. Macdonald (Minister of Finances) moved that Bill C-12, to implement an agreement between Canada and the Federal Republic of Germany and conventions between Canada and Morocco, Canada and Pakistan, Canada and Singapore, Canada and the Philippines, Canada and the Dominican Republic and Canada and Switzerland for the avoidance of double taxation with respect to income tax, be read the second time and referred to the Standing Committee on Finance, Trade and Economic Affairs.

Mr. Bob Kaplan (Parliamentary Secretary to Minister of Finance): Mr. Speaker, this is not a bill which we would recommend be considered all in one afternoon, all three readings, because it deals not only with the important treaty that has been entered into, subject to ratification by parliament, with the Federal Republic of Germany, but there are other treaties included for the elimination of double taxation between Canada and Morocco, Pakistan, Singapore, The Philippines, Dominican Republic and Switzerland. The treaties tend to follow the OECD model but there are important differences among all of them. With this bill, as well, I look forward to taking up these interesting matters when the bill reaches the finance committee.

● (1500)

I might say by way of background that the tax reform of 1971 brought an urgency to extending the network of tax treaties that Canada holds with countries around the world because of the imposition of a higher withholding tax, for one thing, and the revision of existing treaties that were in effect between Canada and a number of other countries.

I offer this substantial bill for second reading, Mr. Speaker, and look forward to speaking on it further when the bill reaches the Finance, Trade and Economic Affairs Committee.

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, I suppose this is the second slice of a whole series of bills of this nature which will come before this House and the other place arising out of the amendments to the Income Tax Act of 1971. The then minister, Mr. Benson, indicated that Canada would have to go through a whole series of changes to agreements to avoid double taxation with all of its partners who participate in this type of convention around the world. On this occasion we have some six or seven which extend wider application of what I think are common sense rules between the various countries which are our trading partners and with which we do have a great deal of trade.

Last year through Bill S-32 this parliament ratified agreements between Canada and France, Canada and Belgium, and Canada and Israel. I would suggest that possibly the government at this time in bringing forward Bill C-12 will have benefited from amendments brought forward by the Committee on Finance, Trade and Economic Affairs as the result of the initiative of myself and my colleague, the hon. member for

[Mr. Knowles (Winnipeg North Centre).]

York-Simcoe (Mr. Stevens) and it will arrive at a much more workable review of regulations as they appear, not in detail, at page 7 of this bill.

The insertion of clause 23 in the bill points out the fact that there are a great number of vacua in the rules of this House dealing with a concept that was introduced when this House was considering the establishment of the Committee on Statutory Instruments and the Statutory Instruments Act. This House considered for the first time the concept and application of affirmative and negative resolutions. However, the House has never come to the point of establishing its practice with regard to either of those types of resolutions.

Unfortunately each one of these bills at the present time has to carry an elaborate procedure in a statute which has to be laid out, at least until the House has determined what shall be its rule. To this extent let me say as a member of the committee that I would welcome a reference to it by the House, because our procedures are archaic enough as they are now in that our standing committees must wait until there is a reference before any consideration is given and report back is made. I appeal to the President of the Privy Council (Mr. MacEachen), as government House leader, to inscribe such a motion on the order paper so we can clean up the Statutory Instruments Act and avoid the problem we had in respect of Bill S-32.

The parliamentary secretary might clear up another point for us. The explanation may be very simple. The title of this bill refers to an agreement between Canada and the Federal Republic of Germany, whereas all the others are called conventions. Would the parliamentary secretary please clear up the difference in that regard and tell us why the others are referred to as conventions between Canada and other countries?

I do not think there is anything further that can usefully be said at this time. Officials from the Ministries of Finance and National Revenue will undoubtedly explain to members of the committee the complexities, not so much in respect of the Statute itself, but the schedules, because there are some very difficult details of interpretation and specification which occur in these schedules that in fact lay down the rules so that double taxation may be avoided or attached. I agree with the parliamentary secretary that this bill should be referred to the committee for examination and report back to the House in due course. Perhaps before that occurs he will explain the distinction between agreement and convention.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, the last bill had only one paragraph whereas this bill has 185 pages. I agree that the place for it to be dealt with in detail is in the Standing Committee on Finance, Trade and Economic Affairs. At this point I should like to indicate general agreement with the bill, the purpose of which is to avoid double taxation between Canada and the other countries mentioned in it.

If I have a particular interest in this bill it is because at least in the agreement with the Federal Republic of Germany, and I