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

Mr. Fleming (Eglinton): 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.

AGREEMENT BETWEEN CANADA AND BELGIUM FOR THE AVOIDANCE OF DOUBLE TAXATION IN BELGIAN CONGO AND RUANDA-URUNDI

Hon. Donald M. Fleming (Minister of Finance) moved the second reading of Bill No. C-29, to implement a convention between Canada and Belgium for the purpose of extending to the Belgian Congo and the territory of Ruanda-Urundi under trusteeship the convention between Canada and Belgium for the avoidance of double taxation with respect to income taxes.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Sevigny in the chair.

On clause 1—*Short title.*

Mr. Macnaughton: Would the minister care to make any further statement on this measure?

Mr. Fleming (Eglinton): I said, Mr. Chairman, that I thought any remarks which might be required on the other measure would be very short, and certainly any statement on this one should be very much shorter. This is a bill in the same form, and simply provides for the ratification of a convention that was signed at the same time as the one just now approved by the house. It applies to the Belgian Congo and to the Belgian trustee territory of Ruanda-Urundi, the provisions of a similar convention.

Indeed, the convention which is a schedule to the present bill is based upon the schedule of the former bill consisting of the convention between Canada and Belgium. This separate convention is required because the Belgian constitution requires a separate agreement with respect to these territories rather than an extension by means of an exchange of notes. As hon. members who have read the bill will realize, the schedule simply follows the form of the schedule in the former bill, namely the agreement with Belgium, and makes certain changes in some of the articles in order to provide specifically for the Belgian Congo and the trustee territory of Ruanda-Urundi.

Mr. Macnaughton: May I suggest that we consider the schedule and then revert to clause 2?

Clause 1 agreed to.

The Chairman: Is it agreed that we now consider the schedule?

Some hon. Members: Agreed.

On the schedule.

Mr. Macnaughton: In the schedule, article 1, paragraph 2, there is a slight variation in the wording from the previous bill. It says:

> The present convention shall also apply to any other tax of a substantially analogous nature—

Is there anything to be read into the difference in wording between the two bills?

Mr. Fleming (Eglinton): Not that I am aware of, Mr. Chairman. Article 1 in this bill contains a definition of the taxes to which the convention applies. As my hon. friend has said, it makes provision that it shall also apply to any other tax of a substantially analogous nature which may be imposed in the Belgian Congo and Ruanda-Urundi or in Canada after the signing of the convention.

The article then contains a specific reference to the taxes to which the extended convention applies. In Canada it applies to income taxes, including surtaxes and the old age security tax on income. In the Belgian Congo and Ruanda-Urundi the convention applies to the tax on rental income, the movable capital tax, the professional tax, the complementary tax on profits realized by companies and other taxpayers, which are now imposed by the Belgian Congo and Ruanda-Urundi and are in the nature of income taxes.

The article also states that the extended convention will apply to any substantially analogous tax which may be imposed by either government during the time the convention is in force. I may say that the act of June 21, 1927, referred to in paragraph (b) of article I, deals with an act passed which affected corporations that have their head offices in Belgium and carry on their operations in the Belgian Congo. They are subject to special tax provisions.

I cannot, at the moment, refer to any existing tax which might offer a test of the meaning of the words "substantially analogous". Obviously, the intention of the parties in writing that provision into this act was to leave open the possibility that either of the parties by their lawfully constituted authorities might impose additional taxes which would be analogous or similar in nature to the existing taxes specifically embraced in the definition in article I.