

HOUSE OF COMMONS

Friday, May 6, 1966

The house met at 11.00 a.m.

[Translation]

COMMITTEES OF THE HOUSE

SIXTH REPORT OF STANDING COMMITTEE ON BROADCASTING, FILMS AND ASSISTANCE TO THE ARTS

Mr. Gérard Pelletier (Hochelaga) presented the sixth report of the standing committee on broadcasting, films and assistance to the arts.

[Note: Text of the foregoing report appears in today's Votes and Proceedings.]

Mr. Gérald Laniel (Beauharnois-Salaberry): On a point of order, Mr. Speaker. You continued with motions, when I had myself a report of a standing committee of the house to present. May I continue?

SECOND REPORT OF STANDING COMMITTEE ON VETERANS AFFAIRS

Mr. Gérald Laniel (Beauharnois-Salaberry) presented the second report of the standing committee on veterans affairs.

[Note: Text of the foregoing report appears in today's Votes and Proceedings.]

● (11:10 a.m.)

[English]

INCOME TAX

CLARIFICATION OF PROPOSED EXEMPTION FROM WITHHOLDING TAX

Hon. Mitchell Sharp (Minister of Finance): Mr. Speaker, since I introduced my budget on March 29 some questions have been raised as to the precise coverage of income tax resolution No. 3 which, as the house knows, exempted interest payments on certain bonds and other obligations from the 15 per cent non-resident withholding tax. There has been some uncertainty about the exact scope of this measure, and in order to remove this uncertainty I thought it was important to make a statement as soon as possible.

In view of the fact that the measure applies in respect of such bonds issued and being issued since April 15, 1966 it is important for those concerned to know at this time in

precise terms what issues we intend should be exempt, after considering the detailed legal comments we have received on the resolution.

We propose that with respect to bonds, debentures, bills, notes, mortgages, hypothecs or similar obligations issued after April 15, 1966 interest on such obligations (a) of or guaranteed by the government of Canada; (b) of the government of a province or an agent thereof; (c) of a municipality in Canada or a municipal or public body performing a function of government in Canada (this includes a school board or commission); (d) of a corporation, commission or association not less than 90 per cent of the shares or capital of which is owned by Her Majesty in right of a province or by a Canadian municipality, or of a subsidiary wholly owned corporation that is subsidiary to such a corporation, commission or association; (e) of an educational institution or a hospital where repayment of the principal amount thereof and payment of the interest thereon is to be made, or is guaranteed, assured or otherwise specifically provided for or secured by the government of a province, be exempt from the 15 per cent non-resident withholding tax.

These terms will be specifically spelled out in the bill to be introduced following the adoption of the income tax resolution.

Mr. Colin Cameron (Nanaimo-Cowichan-The Islands): Mr. Speaker, I would like to make a comment because I am interested in this. I have had correspondence with the minister with regard to some of the local governmental authorities that did not appear to be covered in the resolution. I am taking it that I have understood the minister correctly when I suggest that such bodies as the Greater Vancouver Water Board and the Greater Vancouver Drainage and Sewage Board will be included in this exemption.

Mr. Sharp: Mr. Speaker, I always hesitate to give legal opinions in the house. I have tried to set out the terms as clearly as possible. I suggest to the hon. member that after he has had an opportunity of looking at the statement he might, on another day, ask me questions on the orders of the day, or perhaps the best time would be when the resolution itself is under discussion.