

*Income Tax Convention*

certainly receive sympathetic consideration from this side of the house. I wonder whether at this stage the minister will tell us, either now or later, why the subject of succession duties was not included in this general bill. It has been included in previous bills in the past, as the minister well knows, and it seems to have been left out of this particular bill.

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. Fleming (Eglinton):** Perhaps I can endeavour now to answer the question of the hon. member for Mount Royal. With respect, I do not think it is relevant to the present measure, but I might give my hon. friend what information I have. I think he will recall that in most cases where succession duty has been dealt with it has been dealt with in a separate convention from that relating to income tax. In the present case my information is that when the negotiations were embarked upon first in 1955, the indication on the part of the representatives of Belgium was that they wished to negotiate a convention in respect of income tax.

**Mr. Macnaughton:** Can the minister tell us also if the list of taxes which are mentioned here is comparable as between those taxes in Canada and those taxes in Belgium? Is the basis more or less similar?

**Mr. Fleming (Eglinton):** The basis of what?

**Mr. Macnaughton:** Is it a comparable list of taxes?

**Mr. Fleming (Eglinton):** Yes, they were considered comparable by those who were negotiating and those who had responsibility for instructing the negotiators. There is no precise identification in almost all of these cases between the taxes of the one country and the taxes of the other. Different countries do not always have exactly the same type of taxes with respect to income, but for this purpose it was considered that the taxes on the one hand with respect to Canada and the taxes on the other hand with respect to Belgium are comparable taxes in the income tax field.

Clause agreed to.

On clause 2—*Convention approved.*

**Mr. Macnaughton:** May I suggest to the minister that we revert to the schedule now because clause 2, as the minister well knows, carries approval of the schedule. That has been the custom followed in previous years at the request of the Minister of Finance.

[Mr. Macnaughton.]

**Mr. Fleming (Eglinton):** May I ask my friend whether he has questions about the schedule?

**Mr. Macnaughton:** Yes.

**The Chairman:** Shall we revert to the schedule?

**Some hon. Members:** Agreed.

On the schedule.

**Mr. Macnaughton:** Will the minister tell us why he has particularly mentioned "including surtaxes and the old age security tax on income"? Would he also refer to article 1, section (b) which mentions tax on real property. I understand that real property tax in Canada is provincial. I should like to know what he means by the word "surtaxes" in referring to Canada and why old age security tax on income was included?

**Mr. Fleming (Eglinton):** We have surtaxes in the sense of the surtax on investment income; in other words, a tax in addition to the ordinary income tax. As to 1(b), this happens to be the type of income tax that has been applied in Belgium.

**Mr. Macnaughton:** Referring to article 1, paragraph 2, are there any other taxes of a substantially similar character? Will these words now cover the national contributory scheme to national health or even, as the Prime Minister mentioned some time ago, the national contributory retirement plan scheme? If we bring these schemes into force would they be included under the heading, "any other taxes of a substantially similar character"?

**Mr. Fleming (Eglinton):** This provision is one which has appeared in a number of those agreements. It is by no means a new provision. I think my hon. friend, as all other hon. members, will realize that while one is glad to answer questions as he may be able to with respect to the convention, the convention itself does not admit of amendment. We are dealing with a bill which includes five clauses, one of which provides for ratification of the agreement as it stands.

My friend has, with respect to this clause which is quite standard in form, asked a specific question which I think is somewhat hypothetical at this moment. Therefore I would not wish to be invited to attempt a positive answer to a question which is largely hypothetical. At the moment I do not see how the imposition of a premium with respect to a form of hospital insurance would be regarded as an income tax but I would not wish to say that in no case could such an impost be an income tax. It will depend entirely upon the form, I should think, in which the impost is levied.