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CONVENTION BETWEEN CANADA AND MOROCCO  
FOR THE AVOIDANCE OF DOUBLE TAXATION  
AND THE PREVENTION OF FISCAL EVASION  
WITH RESPECT TO TAXES ON INCOME AND  
ON CAPITAL

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DEPARTMENT OF EXTERNAL AFFAIRS  
MINISTÈRE DES AFFAIRES EXTÉRIEURES

The Department of External Affairs wishes to announce the signing today of a Convention between Canada and the Kingdom of Morocco for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income and on Capital. The Agreement was signed today in Ottawa by the Secretary of State for External Affairs, the Honourable Allan J. MacEachen, on behalf of Canada and by the Ambassador of His Majesty the King of Morocco to Canada, His Excellency Nourreddine Hasnaoui, on behalf of the Kingdom of Morocco.

After the 1971 Canadian tax reform, the Minister of Finance indicated that it would be necessary to revise existing tax treaties and to negotiate a large number of others. In the case of the Convention with the Kingdom of Morocco, talks started in December of 1973. Representatives of the Departments of Finance of both countries met on many occasions and reached an agreement on the text of a draft Convention; this Convention is the fourth one signed by Canada since the tax reform.

The Convention, which is patterned on the draft Double Taxation Convention prepared by the Organization for Economic Co-operation and Development (OECD), can be divided into seven different parts: Scope (Articles 1 and 2); Definitions (Articles 3 to 5); Taxation of Income (Articles 6 to 20); Taxation of Capital (Article 21); Elimination of Double Taxation (Article 22); Special Provisions (Articles 23 to 27); and Final Provisions (Articles 28 and 29).

It can be noted that a general rate of withholding tax of 15 per cent will apply to dividends, branch profits and interest paid to non-residents, and that a rate of 10 per cent will generally apply to royalties. The Convention also provides for a very limited number of exceptions in the case of interest and royalties.

The Convention will enter into force on the date of exchange of instruments of ratification.