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CONVENTION BETWEEN CANADA AND BELGIUM FOR THE  
AVOIDANCE OF DOUBLE TAXATION AND THE SETTLEMENT  
OF OTHER MATTERS WITH RESPECT TO TAXES ON INCOME

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DEPARTMENT OF EXTERNAL AFFAIRS  
MINISTÈRE DES AFFAIRES EXTÉRIEURES

The Department of External Affairs announced today that the Canadian Ambassador to Belgium, the Honourable Lucien Lamoureux and the Belgian Minister of Foreign Affairs, Mister Renaat Van Elslande, exchanged in Brussels today the instruments of ratification of the Convention between Canada and Belgium for the Avoidance of Double Taxation and the Settlement of Other Matters with Respect to Taxes on Income.

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 Belgium, talks started in the fall of 1972. Representatives of the Departments of Finance of both countries met on a number of occasions and reached an agreement on the text of a draft Convention in the fall of 1973. The Acting Secretary of State for External Affairs, the Honourable Gérard Pelletier, and the Belgium Ambassador to Canada, His Excellency Marcel Rymenans, signed the Convention in Ottawa on May 29, 1975.

The Convention, the text of which is patterned on the draft Double Taxation Convention prepared by the Organization for Economic Cooperation and Development (OECD), can be divided into six different parts: Scope (Articles 1 and 2); Definitions (Articles 3 to 5); Taxation of Income (Articles 6 to 22); Elimination of Double Taxation (Article 23); Special Provisions (Articles 24 to 28); and Final Provisions (Articles 29 and 30).

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

The Convention will enter into force fifteen days after the date of the exchange of instruments of ratification. It shall generally apply to taxes pertaining to the year of the exchange of instruments of ratification, that is, to 1976.