

Speaking Points
for
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to

Standing Committee on Finance –

Bill S-6, An Act to implement the Convention between Canada and the Republic of Madagascar for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income

House of Commons
Ottawa, Ontario
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Mr. Chair,

Thank you for the invitation to be here today to participate in the committee's study of Bill S-6, An Act to implement the Convention between Canada and the Republic of Madagascar for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income.

My name is Robert Demeter and I am the Director of the International Relations and Treaties Office, Legislative Policy Directorate, Legislative Policy and Regulatory Affairs Branch; and with me are my colleagues: Maggie Moscovoy, Director - Workload Development Division, High Net Worth Compliance Directorate, International, Large Business and Investigations Branch and Jean-François Ruel, Director – Agency Analytics Program Division, Agency Analytics and Data Directorate, Service, Innovation and Integration Branch.

The mandate of the Legislative Policy Directorate is to manage the legislative and regulatory process within the Canada Revenue Agency (CRA); in this regard the Legislative Policy Directorate is the principal liaison with the Department of Finance, and we consider interpretive positions and application issues with respect to the federal, provincial, territorial and international tax matters.

While the Department of Finance is responsible for the development of tax policy, as you know, in respect of tax law in Canada and is the lead in negotiating tax treaties, the CRA is responsible to administer the *Income Tax Act*, and related laws such as tax treaties.

The treaty between Canada and Madagascar, which is the subject of the Bill S-6, was negotiated by the Department of Finance, with support from the CRA.

As with most tax treaty negotiations, the CRA is represented at the negotiations by an officer of the Legislative Policy Directorate to support the lead negotiator from the Department of Finance in ensuring that the outcomes of the negotiations address Canadian administrative and compliance concerns to the best extent possible. Specifically during the negotiations of the treaty with Madagascar, in 2005, the CRA supported the Department of Finance in its efforts to ensure that certain standard provisions (from Canada's perspective) were included in the agreed text.

These included the Organisation for Economic Co-operation Development (OECD) developed international standard provisions for the exchange of information for tax purposes; rules to deny treaty benefits to 3rd country investors in certain inappropriate circumstances; and provisions to ensure reasonable time limits for certain tax adjustments.

My colleagues and I would be happy to answer any questions you may have.