



Statement by the Government of Canada on international tax reform

From: [Department of Finance Canada](#)

Statement

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The Honourable Chrystia Freeland, Deputy Prime Minister and Minister of Finance, and the Honourable Mary Ng, Minister of Export Promotion, International Trade and Economic Development, today issued the following statement following the US Trade Representative's request for consultations on Canada's digital services tax under the new NAFTA (the Canada-United States-Mexico Agreement) :

"Canada strongly supports international efforts to end the corporate tax race to the bottom and to ensure that all corporations, including the world's largest corporations, pay their fair share wherever they do business. Canada's strong and essential social safety net is built on a robust national tax base, which depends on those who do business in Canada paying their fair share of tax.

"Canada's priority and preference has always been a multilateral agreement. We continue to strongly support the OECD's two-pillar plan agreed to in 2021 and we have been actively working with our international partners to bring it into effect.

“Today, many of our closest partners—including France, the United Kingdom, and Italy—have digital services taxes in force. Canada has been at a disadvantage relative to these countries which have continued collecting revenue under their pre-existing digital services taxes.

“The Canadian government has been clear for several years that it would move forward with its own tax, if a global agreement on Pillar One is not reached. Unfortunately, despite best efforts, repeated deadlines to reach an international agreement have come and gone. We have been clear that Canada’s provisional tax would be rescinded upon the entry into force of an acceptable multilateral measure.

“We have been in close contact with our American partners about these taxation issues over the past number of years, including in recent weeks and months. The use of the new NAFTA is an appropriate forum to allow for further dialogue. These consultations are a reflection of the unique and collaborative economic partnership between Canada and the United States and we look forward to demonstrating how Canada is meeting its trade obligations. In the days ahead we will continue our conversations with our American partners and we remain hopeful that a solution towards international tax fairness can be reached in due course.”

Contacts

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