

Estate Tax Act

reviewed by the committee of ways and means on May 9 and May 26. These are specific amendments, Mr. Speaker, to the Estate Tax Act.

Mr. W. M. Benidickson (Kenora-Rainy River): Mr. Speaker, this is, of course, the first amendment that we have had to the Estate Tax Act, which is a new act involving a number of new principles which became effective on July 1, 1959. We on this side complained previously that when the proposed legislation was presented in 1958, and referred to the banking and commerce committee, we were pressed unduly in a hasty fashion for passage of the bill, and with our small numbers we were not able to give the attention that we would have liked to certain sections that were not popular.

I wonder whether the minister would consider referring these amendments to the banking and commerce committee? They are the first amendments to the new basic act since it was introduced in 1958. My reason for asking that the bill be sent to the banking and commerce committee is not the contents of the amendments. I must confess that people familiar with this type of thing have in the interim given a great deal of study to the basic legislation. They have considered the effect of the legislation since it became the successor to the succession duty act on January 1, 1959. I think the accountants, the legal fraternity and the trust companies who have experience with beneficiaries under the new law would like perhaps to make some recommendations to this house after we have had this experience of some 18 months with a completely new principle of taxation following death.

The minister might indicate what his intentions are in that respect. I wish to say that on examining this amending bill I found a great deal of help in perusing something that I do not think is too usual in so far as our federal statutes and our federal administration are concerned. I refer to a statement made by the administrator of the Estate Tax Act, Mr. Linton, which was presented to the Canadian Tax Foundation. It is a very frank statement of what he expected was in the original legislation, and he indicated some of the problems in connection with it. It was a great help not only to us as legislators but to those who have reason to be interested in the Estate Tax Act. This is a very useful thing. On the income tax side perhaps some of our officials have not fraternized sufficiently with those who in practice have to deal with the Income Tax Act and similarly with the Excise Tax Act. All of us should be very grateful for Mr. Linton's review

and analysis of the new act which was presented in the session of 1958 and became law in 1959.

I can recognize that some of the amendments presented to us in the amending bill are closely related to Mr. Linton's analysis because they seem to refer to some of the arenas which he indicated were perhaps new and in law may be doubtful arenas, and perhaps the original intentions of the government might in practice not be given effect to. To the extent that there was a bona fide and proper intent announced in our committee and in our legislative discussions of 1958 I do not think there will be very much quarrel about the amendments that clarify that intent or those intentions.

With respect to some other items, I am sure that all hon. members of the committee will want to examine them very carefully because I felt that in 1958 we had all too little time to examine this important measure which was a substitution of one style of taxation in the event of death for another. Since the opposition was inadequately manned at that time, I would hope that perhaps we might have another review in the committee on banking and commerce.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Flynn in the chair.

On clause 1—*Insurance proceeds as death benefit.*

Mr. Benidickson: Mr. Chairman, perhaps the minister would advise the committee of his intention with respect to this clause. Am I right in thinking that this does not involve a new principle but rather clarifies an intent the minister had when he introduced the original measure?

I referred at an earlier stage in a complimentary way to information that had been given to the country at large by the chief administrator of this tax legislation, Mr. Linton. I find that with respect to the original section 3 (1) (k) referred to in this clause Mr. Linton rather indicated that he thought this was covered by the original legislation.

On page 5 of the booklet published by the Canadian Tax Foundation entitled "A Review of the Estate Tax Act" with reference to section 3 (1) (k) of the original statute of 1958, Mr. Linton said:

We hope that under these two paragraphs all kinds of benefits payable by way of superannuation, retirement, death benefit, pensions of any kind (whether voluntary or otherwise, enforceable or otherwise, contributory or otherwise,) are taxable.

I take it that perhaps the administration found some difficulty in the intervening period. I wonder if that is the reason for this