

Income Tax Act and Estate Tax Act

It might be advisable to have the members of the opposition suggest to the Minister of Finance how to divide the remaining 25 per cent of the federal share of the proposed estate tax; this indeed would be a very interesting experiment in financing.

It is suggested that the owner of the small family farm cannot plan for the future if unfortunately, he dies and an estate tax is levied. This bill is one of the most outstanding pieces of legislation that has come before the house because it provides for fair and equitable distribution, and hon. members cannot deny it.

I heard one member say that if an estate were worth \$100,000 the estate might be called on to pay \$50,000 in tax. Either the member who made that statement is completely irresponsible or he does not know what he is talking about.

Mr. Groos: Both.

Mr. Smerchanski: It might well be both. Coming from such an irresponsible group as this opposition, it might well be both. Let us suppose an estate is worth \$100,000, and that tax is levied at \$50,000. If there were one child exempted at \$4,000 a year, with 12 years of proper estate planning no estate tax would be due on that \$100,000 estate. If there happened to be two children the period would be reduced to 6.2 years. If there are three children it is reduced to 4.2 years. So to say that there are no provisions for estate planning in this legislation is simply not true.

Members of the opposition have been going across the country quoting what they allege to be newspaper opinions and newspaper polls. I suggest that before they refer to polls conducted by newspapers they do their own homework and find out exactly what they are talking about in terms of dollars and cents. To do otherwise is to fly a kite, to gamble in spiritualism, instead of understanding the true facts of the situation.

From the standpoint of dollars and cents, the proposed estate tax is equitable. With regard to estate tax planning, after August 1, 1969 one can opt either to take the old rates or the new rates. This too is fair and equitable. Being given the option to pay the tax over six years is a fantastic improvement over the previous provision. This is a move in the right direction. I only wish all members of the house would do their homework, understand the implications of the new estate tax and tell their constituents the truth about

[Mr. Stewart (Cochrane).]

the new estate tax. If that were so they would find that their constituents were pleased and delighted with the new legislation that is before us tonight.

The proposed legislation that is before us tonight is not going to affect adversely the family farm. It is not going to put the small business enterprises of this country out of business. It is going to help them. It is going to encourage and enable small family farms and business enterprises to pass on their operations to the children of the family and will levy far lower estate taxes than would be the case under the old estate tax legislation.

Mr. S. J. Korchinski (Mackenzie): Mr. Speaker, in discussing the estate tax bill I think we must keep in mind several things that the Minister of Finance (Mr. Benson) has in mind. I suggest that as a result of the original budget proposals the Minister of Finance is introducing very shortly, so we are told, a tax reform bill to cover not only this particular type of tax but other forms of taxation. Some of this taxation may be new; some may be old and due for revision.

In discussing this estate tax bill, we must keep one eye on the bill and one eye on other areas the particular bill touches. I believe the government was flying a trial balloon when it first introduced its tax measures early in the fall. It was testing public reaction on two fronts. First, they were testing the reaction to the imposition of estate taxes. These would include taxes on every form of inheritance. Secondly, they were testing the public's reaction to the imposition of a capital gains tax. In this connection I wish to suggest some changes to the legislation which the minister may not wish to accept at the moment but which he and his officials may consider when planning tax reforms.

● (9:20 p.m.)

When this measure was introduced we were told that monetary considerations influenced the government in introducing it. The Minister of Finance said that the provinces needed money and he was thinking of the provinces. Where else could he find this type of money except in the field of estate taxes? The minister made similar remarks inside and outside the house on a number of occasions.

Figures presented during the federal-provincial conference show that the federal government keeps only 24 per cent of all estate taxes levied. The figures show that in 1967 all