

Succession Duty Act

On section 5—Property valued at death.

The CHAIRMAN: Is the section carried?

Mr. HANSON (York-Sunbury): All this is important. Let us not rush it through.

The CHAIRMAN: I am not rushing it. I should not like any suggestion to be made that I am rushing it. It is, however, the duty of the chairman, when nobody raises his voice, to call the section carried.

Mr. HANSON (York-Sunbury): Maybe. I am not finding fault with the Chair at all.

The CHAIRMAN: I should not like the implication to remain unchallenged.

Mr. HANSON (York-Sunbury): After all, most hon. members have had this bill before them for only twenty-four hours. I have had it a little longer than that, and I gave it one good reading, but one cannot master a bill of this kind with one good reading. I believe we shall make just as much haste if we go a little slower, and I suggest that that be done.

This, of course, is a standard provision, that the property shall be valued at the date of the death; it expressly asserts that principle, and will not allow anything for appreciation or depreciation. So far as I am concerned, it is all right.

Section agreed to.

On section 6—Duties on successions.

Mr. HAZEN: In connection with this section, the schedule is set out at the back of the bill. Is this the time to refer to it, or shall we take it up later?

Mr. ILSLEY: Now, if the hon. gentleman wishes.

Mr. HAZEN: I have referred to this matter before, but, looking at this schedule at the back of the bill, let me put this illustration. Suppose a man dies leaving an estate of \$100,000. He makes a bequest of, say, \$25,000, to a person who comes under class C. If I understand the bill correctly, the person who receives that bequest of \$25,000 has to pay a tax of 2·5 per cent.

Mr. ILSLEY: It is 2·45 per cent. Take the bottom of page 25 of the bill instead of the top of the next page.

Mr. HAZEN: Yes—2·45 per cent. Then we add to that 3·5 per cent. Am I right in that?

Mr. ILSLEY: That is correct.

Mr. HAZEN: That makes a tax of 5·5 per cent which he has to pay?

Mr. ILSLEY: 5·95 per cent.

[Mr. R. B. Hanson.]

Mr. HAZEN: That is the tax which has to be paid by a person in class C who receives a bequest of \$25,000. If, however, that same person were left a bequest of \$25,000 by a man who leaves an estate of \$25,000, then, instead of the tax being 5·95 per cent, he would pay, if I understand this schedule correctly, 4 per cent.

Mr. ILSLEY: That is correct.

Mr. HAZEN: It seems to me that that is hardly fair. Why should a man who gets a bequest of \$25,000 have to pay a larger tax because the estate in one case is larger than in the other? Why should the same tax not apply in every case in respect of a bequest of the same amount, if the beneficiary comes within class C? I cite that as one instance, but on going through the schedule, one finds that in every case the tax which the man who gets a bequest has to pay depends, not upon what he receives, but upon the value of the estate.

Mr. ILSLEY: It depends upon three factors: (1) the value of the estate; (2) the value of the succession; and (3) the relationship to the deceased.

Mr. HAZEN: Could this not have been worked out in a much more fair and equitable way by having the tax fall on the estate and the man who obtains the bequest receiving the sum left to him, whether the estate is \$100,000 or \$25,000? The man or, we shall say the widow, is penalized.

Mr. ILSLEY: The hon. member is right on a fundamental and important point of principle. I had to explain that point once before, and I do not know whether I did it very well or fully.

Mr. MACDONALD (Brantford City): The minister did very well indeed.

Mr. ILSLEY: The hon. member for Brantford City raised the same point; only he made a much more flagrant case of discrimination, if I might use that word. He took an estate of \$5,000,000 and compared it with an estate of \$25,000. But this feature is found in all the provincial acts.

Mr. HANSON (York-Sunbury): On the theory that they would get more money; there is no doubt about that.

Mr. ILSLEY: No, not necessarily. It depends altogether upon the rates. If hon. members will bear with me for a moment, I shall explain the law as best I can.

There are three types of succession, death or estate duties acts. There is the straight estate duty which is a duty on the estate