

(ii) On property situated outside the Province

A tax, the rate of which varies with the relationship of the inheritor to the deceased and the total value of the estate, is applied when both the deceased and the inheritor were domiciled in the province at the time of death.

5. Foreign Law

Quite apart from any decision which might be reached by the Canadian Courts as to a Trade Commissioner's domicile, the Courts of the country in which he dies might rule otherwise. It is suggested that every Trade Commissioner should determine how his estate would be affected by local laws were he to die in the country in which he is living. It is possible that diplomatic immunity might not cover this eventuality.

6. Pensions, Annuities and Death Benefits.

The death benefit payable upon the death of a civil servant is included in the calculation of the aggregate value of the estate. The computed value of any pensions or annuities also forms part of the estate for tax purposes. To indicate the substantial effect this can have on the value of an estate, let us consider a hypothetical case of the death of a Trade Commissioner who has been at the top step of Grade V for three years. Based on present rates of pay, his widow would receive a pension of \$2,156 per annum. The computed value of this pension, assuming the widow to be 42 years of age, works out to \$36,477.75. It is this amount which will be added to the estate of the deceased for the purpose of arriving at the aggregate value for estate tax purposes.

An amendment to the Income Tax Act provides for relief in the matter of payment of income tax on such pensions, annuities, death benefits, etc., in subsequent years, by their recipients.

Original 3 January 61