

Dominion Succession Duty Act

for Australian tax, commencing with the year of income—July 1 to June 30—in which the agreement comes into force. The agreement will come into force when the act is proclaimed by the governor in council. The agreement continues in force until March 31, 1960, and indefinitely thereafter unless notice of termination is given.

Motion agreed to, bill read the second time, considered in committee and reported.

Mr. Speaker: When shall the said bill be read a third time? Now?

Mr. Knowles (Winnipeg North Centre): By leave.

Mr. Speaker: By leave.

Mr. Fleming moved the third reading of the bill.

Motion agreed to and bill read the third time and passed.

DOMINION SUCCESSION DUTY ACT

CHANGE IN METHOD OF COMPUTING TAX;
REVISION, CONSOLIDATION, ETC.

Hon. Donald M. Fleming (Minister of Finance) moved that the house go into committee to consider the following resolution:

That it is expedient to introduce a measure to replace the present Dominion Succession Duty Act, to provide that the tax on property passing or deemed to pass, on death, be computed by reference to the property comprising the estate of the deceased rather than the property contained in the bequests from the estate to the beneficiaries; and also to consolidate, revise and simplify those provisions of the present act that continue to be appropriate.

Motion agreed to and the house went into committee, Mr. Courtemanche in the chair.

Mr. Fleming: Mr. Chairman, I do not propose to make any extended remarks on this measure. As I indicated when I spoke in the house on December 6, it is our purpose to ask the house to pass the resolution and give first reading to the bill. It is not intended to carry the bill beyond the stage of first reading at this session. Before the next session it is hoped that, with distribution of the bill among members of the house and the public, those organizations and persons who are particularly interested in this measure by reason of professional concern will study the bill and favour the government with their views, suggestions and recommendations in regard to it. Therefore, Mr. Chairman, I do not propose to discuss the measure at length.

The cardinal feature of the new measure is that it will replace the old succession duty act with a different type of tax on estates. It will be an estate tax similar in that re-

spect to the type of tax levied in the United Kingdom and other jurisdictions. This measure has been under study and in the course of preparation now for some three or four years, and I am glad to have the opportunity of bringing it forward at this time.

So far as the effect of the legislation on the rates of taxation is concerned, I outlined when I spoke on December 6—my remarks are to be found at page 2008 of *Hansard*—the effect on existing rates of taxation. The bill will in general have the effect of reducing the tax levied upon estates, particularly on estates of smaller size.

We have had discussion in the house on many occasions about the provision in the present Dominion Succession Duty Act which has the curious effect of exempting estates of \$50,000 and less but in the case of estates over \$50,000 there is no \$50,000 deduction or exempt portion. It is difficult to apply that type of exemption on all estates where the tax takes the form of a succession duty. In the case of an estate duty, Mr. Chairman, it is, of course, easier to apply that form of general exemption or deduction from all estates regardless of size and this new measure will have that effect. It also introduces extended exemptions in the case of dependent children. I outlined these benefits when I spoke on December 6 and I do not think I need to repeat those observations now.

In a word, sir, we think that this measure will be a definite advance over the present legislation. The succession duty act was brought into effect in 1941 in time of war. I do not say that parliament in those days had less time to give to the study of such subjects than it has now, but at any rate it was a new departure in federal legislation. There has now been an opportunity to study the effect of this legislation over a period of 16½ years, and the new measure which I am asking for leave to introduce tonight does embody and apply the benefits of the experience of those 16½ years.

I trust that the idea of having such a measure will commend itself to the house and that the bill can be introduced and distributed for the purposes I have indicated.

Mr. Sinclair: Mr. Chairman, the official opposition agrees, of course, with the course indicated by the minister. There is just one question I should like to ask. Since 50 per cent of succession duties go to the provinces under the tax rental agreements, can the minister say whether the provinces have been consulted about the draft of the new act and whether or not their approval has been given?

[Mr. Fleming.]