

Estate Tax Act

Another advantage would appear to be that it should be much easier under this legislation than under the previous act to calculate within a reasonable length of time after the death of the deceased the precise tax to be paid in respect of the estate. For instance, under the present legislation, if a man dies leaving a life interest in his estate to his widow, with the executor having power to encroach on the capital for the benefit of the widow during her lifetime and the remainder of the estate to be divided among the children, it is most difficult for the revenue authorities to establish precisely, at an early date after the death of the deceased, what the tax should be with respect to the life interest to be enjoyed by the widow, having regard to the fact that it is extremely difficult to calculate to what extent the executor may encroach on the capital of the estate for the widow's benefit. Then, of course, another difficulty arises in that one cannot calculate with any certainty in a case such as I have described the size of the interest to be taken by the children.

Under the proposed estate tax it will be possible within a very short time after the passing of the deceased to determine the tax which is payable, and advantages will accrue to the Department of National Revenue, to the executors and trustees charged with the administration of the estate and, of course, most important of all, to those people who will be liable to pay the tax.

I do not think it would be proper to go into the clauses of this proposed statute in detail at this time but perhaps one or two further comments would be appropriate. It would seem to me that under the old Succession Duty Act the proceeds of policies of life insurance were subject to tax only in proportion to the premiums paid by the deceased or his personal corporation. In the new legislation this concept of contribution has been eliminated and I believe there will be advantages gained as a result of that change. No longer will it be necessary, as I understand it, for exhaustive searches to be made into the files and financial records of individual taxpayers with a view to ascertaining where in fact the money came from which was used for the purchase of life insurance on the life of a deceased person. There are also substantial differences between those sections of this statute having to do with joint interests and the sections of the present Succession Duty Act which tax such an interest in a joint holding of a person on his death.

In my view this legislation is progressive. As I said earlier in my remarks, it will make for administrative simplicity. It will be a less difficult statute to administer. The

[Mr. Stinson.]

problems of executors and trustees in the matter of the settlement of death duties will be diminished and I believe we can look forward to other advantages also when this bill is finally approved by parliament.

Mr. Alan Macnaughton (Mount Royal): Mr. Speaker, the other day I had the advantage of making a few remarks on this subject and I will try not to make these subsequent remarks too long. There is no doubt in my mind that the basic simplicity of this bill is a recommendation of sorts and I understand that many of its provisions are similar to those provisions which we find in the internal revenue code of the United States. The proposed act, of course, taxes the net value of the estate after certain exemptions have been applied but it seems to me that these exemptions in Canada under the proposed act are vastly different from the exemptions which are allowed in the United States under the internal revenue code.

Because of this and for other reasons I find the present bill disappointing. For example, it does not recognize the husband and wife partnership in the building up of an estate nor are the exemptions which are allowed under the proposed act sufficiently large in extent. It is true that the smaller the estate, the greater the exemption, and that is only right; but in so far as the exemptions on larger estates are concerned they are almost negligible. To my way of thinking there are certain sections of this act which should be amended and perhaps they will be when we discuss the bill later on.

If I am right in my reference, I referred the other day to part I, section (b), paragraph 4 referring to certain other property and mentioned the fact that where a person—

Mr. Fleming (Eglinton): Mr. Speaker, if I may interrupt the hon. member, I would rise on a point of order. I think it is not proper and it has been ruled many times that in a debate on second reading of a bill one must not refer to particular provisions, sections or clauses of the bill. The debate on second reading is confined under the rules of the house to a discussion of the principle of the bill and any reference to provisions, sections or clauses of the bill is out of order. I am sorry to interrupt my hon. friend because he said he was going to be brief but I think the point must be adhered to on the part of all hon. members.

Mr. Macnaughton: I was about to refer to the tax on insurance that a controlled company might pay but that can be discussed later.

There is one suggestion I should like to make to the minister at this time under the section relating to appeals. Under this