

Estate Tax Act

to which the women of our land have perhaps directed most attention in their briefs.

Since the banking and commerce committee concluded its sittings I have received additional communications about this matter as to what is a proper value. I realize this is a very difficult decision for the administration. There is an increase, but it must be pointed out that when the exemption of \$50,000 was determined it was as far back as 1951, and there has, of course, been a considerable erosion in the purchasing power of the Canadian dollar since that time.

One must also consider that today, even at a period when interest levels are comparatively high, the income of a widow who has been left \$100,000 is not very substantial. I was given some illustrations of what, under present day circumstances with these relatively high interest rates, would be the return upon an estate of \$100,000 and upon one of \$150,000. I have in my hand one figure calculated by an experienced trust officer whom I do not wish to name, unless my hon. friend insists upon my doing so, because he is speaking in his personal capacity and not for the company he represents. He points out, however, that if one takes a typical estate trust of \$100,000, let us say that the residence value amounted to \$15,000 and the value of the car perhaps to \$2,000, the value of the furniture to \$1,000; then that is \$18,000 off the \$100,000. The funds available for investment, therefore, would be \$72,000.

He outlined to me what I believe to be a normal and very creditable portfolio of securities, which he said the trust company had already used for purposes of investment. I will not go into the details, but he ends up by saying that \$72,000 invested in bonds at relatively high rates today would bring in a gross income of \$3,689. He tells me that administration and collection charges of the trust company would amount to \$328, and the difference, therefore, would be \$3,361. He estimated the income tax at \$114, so the disposable income from this \$100,000 would be \$3,246 or \$270 a month. He pointed out that this was not something which should be regarded as great wealth or high income for a widow trying to maintain a home in these days. Therefore, while the exemptions admittedly have been raised, there is justification for giving further thought to doing something better in the very near future with respect to these exemptions.

The committee may be interested to know that only about 1 per cent of our national revenue comes from this sort of taxation. This same informant has done some further arithmetic for me, as a result of which he makes the assertion that if there were an

exemption of even up to \$150,000 for all estates the loss of revenue would be only one quarter of that 1 per cent which I indicated was received from this form of taxation. He stated further that if we exempted all estates below \$100,000 the government would lose only 15 per cent of the 1 per cent indicated as received from estate duties.

Consequently one must consider the importance of this form of taxation in the lower brackets to the total receipts by the government and the desirability of giving further consideration to these exemptions because of the relatively small income which can be produced today by normal investment—not necessarily cautious investment, but normal investment for an estate of either \$100,000 or \$150,000.

(Translation):

Mr. Roberge: Mr. Chairman, I think many a Canadian man and woman, especially husbands and wives, will have reason to complain about clause 7, as any testator, or a husband or wife but especially a testator, may will a large portion of his or her fortune and property to a perfect stranger who will nevertheless benefit from the exemption of \$60,000, though the wife survive. If the husband survives—I am thinking here of paragraph (a) (ii)—the wife may leave her property to a stranger, and that stranger will nevertheless benefit from the exemption.

I realize, as the minister stated at the committee on banking and commerce, that this is contrary to the spirit of the tax on the bulk of the succession. But the fact remains, and should be kept in mind, that the family is the basic unit of our Canadian economy.

I think husbands and wives in this country will not like this clause, in its present form. I therefore suggest that some time, if not at this session at least during some future one, the government consider the advisability of setting this matter right.

(Text):

Mr. Fleming (Eglinton): Mr. Chairman, I have just a brief word to say in connection with the remarks which have been delivered by the two hon. gentlemen who spoke last.

It may well be that the hon. member for Kenora-Rainy River and I do not mean quite the same thing when we talk about estates of smaller value. He seems to argue that the benefits of this bill should be more widely extended and that there is room for further extension within estates of smaller value. Mr. Chairman, this bill brings benefits to estates of smaller value on a scale not matched by any previous legislation enacted in this parliament. When the Dominion Succession Duty Act was enacted in 1941 it exempted estates