

*Succession Duty Act*

country, I suppose, pays some part of the tax on sugar. The amount in the year is not very much. The average per individual is something like \$1 on the one cent basis; it will be \$2 on the two cent basis, and for the average family of five it will be, on that basis, \$10. I am a householder buying sugar. I have an income. Out of my income I pay so much for sugar, and a tax of so much on that sugar; nevertheless I pay income tax on that same amount which I pay in the form of a tax on sugar. No one thinks that is shocking, but common sense or morals or logic would suggest—

Mr. HANSON (York-Sunbury): The analogy will not bear analysis. The position is not the same at all.

Mr. ILSLEY: That is a simple way of disposing of the argument.

Mr. HANSON (York-Sunbury): It will not dispose of it in my mind.

Mr. ILSLEY: It is simple and convincing. Let us take the person who is subject to two income taxes, one payable to a province and one to the dominion. That is shocking to the hon. gentleman, unless the taxpayer is allowed a deduction. The dominion does not allow, as a deduction from a person's income for income tax purposes, income tax he pays to the province. If I receive \$100 in income and the province takes \$10 and the dominion \$10, what is there shocking about that? I have paid 20 per cent of my income, 10 per cent to one taxing authority and 10 per cent to the other. The hon. gentleman says that is a tax on a tax, because one of the jurisdictions—I do not know which one—does not allow the tax paid to the other jurisdiction as a deduction from income for income tax purposes. We have never allowed these income taxes as deductions, but some provinces do. Ontario allows the amount paid to the dominion as a deduction for income tax purposes, but some of the other provinces do not. I am applying here, in the Succession Duty Act, the same principle we have always applied in the income tax act. The theory of this is that the estate of a deceased owes two taxing authorities money. One authority takes a certain proportion, and the other authority, another. In a sense it is a tax on a tax, but in another sense it is merely two taxes on the same amount. Part of it goes to one authority and part to the other. Would it make the hon. gentleman feel any better if we took just as much as he paid to both authorities, that is, if we took as much as the total? Suppose the province went out of the field, and we took the amount paid to the province; we would not divide it into two parts and

[Mr. Ilesley.]

allow one part as a deduction before applying the tax on the rest. Yet the amount would be the same.

Mr. HANSON (York-Sunbury): I will counter that by reference to the national defence tax. That is a tax imposed at the source. We never get that money where it is taken beforehand, and yet we are taxed on it. Is there anything equitable in that?

Mr. ILSLEY: That is merely a matter of procedure.

Mr. HANSON (York-Sunbury): It is a little more than procedure. It is a very important matter.

Mr. ILSLEY: It is exactly the same as if a person received it and paid it back.

Mr. SLAGHT: If he did not earn it, it would not be taxable.

Mr. ROSS (St. Paul's): Will the minister tell me why in section 1 it says "but not including the charges of solicitors"? That seems to be a debt as much as the rest—surrogate court fees, funeral expenses and so forth. Why not allow as a debt the solicitor's charges?

Mr. ILSLEY: It is not a debt of the deceased, and it is capable of indefinite expansion.

Mr. ROSS (St. Paul's): Are surrogate court fees a debt?

Mr. HANSON (York-Sunbury): They are a tax. Surrogate court fees in my province are a tax paid by probate stamps. Allowance is made for deduction. I convict the minister on his own bill.

Mr. ROSS (St. Paul's): I think it is just as much a tax as anything else and should be allowed. I do not see any reason why it should not.

Mr. ILSLEY: If these surrogate court fees reach the dimensions of a succession duty we would not allow them.

Mr. HANSON (York-Sunbury): I do not know what they are in other provinces, but during the Easter vacation I paid \$904 to New Brunswick on an estate of just under \$300,000. It was a substantial tax for the service rendered. It is a tax based on the gross value of the estate, not the net, because no deductions are allowed except for mortgages. Debts are not allowed to be deducted. It is an important item.

Mr. ILSLEY: The line is difficult to draw between a charge which is a fee and a charge which is really a tax.