

If I may quote from *Taxation Statistics*, in 1969 in the \$50,000 to \$75,000 bracket there were 2,455 estates from which was collected \$5.3 million. In the \$75,000 to \$100,000 bracket there were 1,697 estates from which was collected \$8.2 million. In the \$100,000 to \$125,000 bracket there were 1,008 estates from which was collected \$9.3 million. The total for the year 1969, representing approximately 8,000 estates, paid succession duties amounting to a total of approximately \$207 million. It would seem only fair to give people the opportunity to use these bonds to pay succession duties. The original purchasers paid \$100 for them, but at the death of the individual they may be worth only \$80 or \$85. Under the present regulations these securities are valued at their market value when the individual passed away. My argument is that they should be taken at their face value when used for paying off a debt to the crown. They were purchased in good faith from the crown and if they are used for paying a debt to the crown they should be valued at their face value of \$100.

What do the trust and corporate concerns think about such a plan? Let me read from some of the comments made by officials of these organizations. The President of the Canada Trust Company has said:

I believe the proposal has much merit. Indeed it parallels existing policy in my own Company—and I am sure other financial institutions that issue term instruments—whereby we cash outstanding obligations before maturity at par in the event of death.

Let me quote what the president of the Montreal Trust Company has said:

—proposed bill is commendable in principle and probably the qualification that bonds must have been owned by the deceased for at least five years was reasonable protection,—

Let me quote what the president of the Canadian Council for Fair Taxation has said:

I am quite sure, however, that in order to prevent trading in these bonds, it would be necessary to restrict this privilege to any bonds in the possession of Canadians before say January 1, 1972.

The president of the Canada Permanent Trust Company stated:

The proposed Motion would certainly be advantageous to many estates and, as a corporate executor, we would support it.

Those are some of the comments made by people engaged in this field.

I do not propose to take any more of the time of the House at this stage. I think I have put forward the idea as clearly as I can. In respect of perpetual bonds, I should like to make one or two comments. People purchased these bonds at \$96.50, yet on today's market they are perhaps worth \$42 or \$44. The bonds have been in their possession for 35 years and have been paying only 3 per cent interest. Indeed, I know of a widow whose husband had purchased about \$50,000 of these Canada perpetual bonds bearing 3 per cent interest. If we look at the situation in a very fair and reasonable light why should these bonds not be accepted by the crown at their face value for the purpose of paying estate taxes? Admittedly this would allow some capital gains, but that

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would be a much smaller amount in relation to the over-all benefit provided to long-term holders whose estates would have the opportunity of gaining the face value for the payment of succession duties.

Let me conclude my remarks by giving my reasons for suggesting this legislation. It is only fair and reasonable that these bonds should be accepted at face value for the payment of a debt to the Crown. More and more people are involved in succession duties. This legislation would be useful to a greater number of Canadians at a cost not too great so far as the government is concerned.

As I said earlier, the government collected only \$207.1 million in 1967, in the form of succession duties, from approximately 8,000 estates as compared to \$5 billion in personal income tax. The adoption of this proposal would give a tremendous advantage to widows and senior citizens. The inflation allowed by this government has cost these people a great deal, and through the adoption of this legislation the government could pay back much of the loss incurred as a result of inflation.

Several trust companies in Canada cash outstanding obligations or debentures before maturity at par in the event of death. If an individual owns a debenture which is due sometime after the death of that individual, many of these companies will accept it at par. I suggest the government should do likewise as this is only fair and reasonable. I will be most happy to hear the views of other members of the House in respect of my proposal.

I hope hon. members will not talk out the bill before six o'clock. I should like it to come to a vote. It is my hope that the government will see fit to have this motion referred to the Committee on Finance and Economic Affairs at which time officials from the Department of Finance, the Bank of Canada and others could give their views. I feel it is a fair and reasonable proposition put forward on behalf of Canadian citizens.

● (5:10 p.m.)

Mr. Robert P. Kaplan (Don Valley): I am glad to be able to participate in the debate on this very interesting question. I regret that I may not be able to be as brief as was the hon. member for Wellington (Mr. Hales) who presented the resolution. I would like to read the resolution because I think a misunderstanding has developed initially about its import. It reads as follows:

That, in the opinion of this House, the government should consider the advisability of introducing legislation to amend the Estate Tax Act to provide that taxes, interest, penalties, costs and other amounts due and payable under that act in respect of an estate may be paid in whole or in part by the transfer or transmission of government of Canada bonds or other securities of Canada to Her Majesty where such bonds or securities form part of the estate and were acquired by the deceased at least five years prior to his death; and that payment so made shall be deemed to be payment at the face value of such securities with interest, if any, accrued thereon.

The hon. member suggested in his remarks that this would imply that the bonds were acquired by the decedent at face value. But in fact, when you read the actual text of the resolution, it is apparent that all a person has to do is buy the bond more than five years prior to his death to qualify for this special treatment. One can pick