

*Succession Duty Act*

is also a consideration. The actual property of which the certificate is simply a representation cannot be the whole *ratio decidendi*. Consequently, in my opinion, the hon. member for Rosedale introduced an important point so far as international law is concerned, and it would be desirable to avoid duplication of taxation on stocks owing to the fact that one particular jurisdiction might hold that the security was located where the transfer agent was, while another jurisdiction might decide that it was where the certificate was found, and a third, where the actual property represented by the certificate was located. Something more definite in that regard might be incorporated in the bill.

Mr. ILSLEY: I do not know whether a question was asked. I know that sometimes it is difficult to determine what the situs of personal property is. Generally speaking, the situs of shares is the place where they can be effectively transferred. If that could happen in two different countries, perhaps they would be subject to the tax laws of both countries.

Mr. HANSON (York-Sunbury): That is quite true where there is more than one registration office. It is an anomalous situation, and I do not think one jurisdiction can settle it without collaboration with the other. The principle set up, namely, that they cannot be effectively dealt with—I think those are the words of the English decision—is based on the theory set up in England a long time ago in respect of shares and followed right down to the present time. It has worked great hardship. Just because there is a place where you can register and unregister, therefore you must pay taxation there although the shares were bought in Canada or the United States and never saw England except for the purpose of registration. It is just a hook to catch the money as it goes through.

The same thing occurs in connection with the registration, in a city like Montreal, of shares or bonds, of, say, a New Brunswick corporation. The stock exchange requirements are that the register must be kept in a convenient place where the shares can be dealt with quickly. Under that theory, shares in a New Brunswick company must be registered in Montreal even if the company's operations are wholly in New Brunswick, and one has to pay the province of Quebec succession duty before he can have the shares released. That, of course, and the situation visualized here in respect of registration in other places, such as New York, are very unfair. Of course, under this measure it cannot happen with respect to Canadian registration, because this is a federal statute; but I have always felt

that the theory upon which those decisions are based was not applicable to a country like Canada.

Section agreed to.

On section 7—Exemptions.

Mr. HANSON (York-Sunbury): Under subsection 1, paragraph (a), the widow is allowed exemption up to \$20,000 plus \$5,000 for each child that does not benefit. Then, under paragraph (c), there is an exemption of \$15,000 for a parentless child or a group of parentless children, brothers and sisters. There is a limitation, I believe, as to age. Surely that exemption is low. If the widow gets \$20,000 plus \$5,000 and the children get only \$15,000, divided perhaps among half a dozen, that does not seem good enough.

Mr. CASSELMAN: Carrying that a little further, let me take the case of a mother left with three children. If the children get nothing on the succession there is an exemption of \$35,000 under subsection 1 (a). If, however, the mother is deceased and the three children are left the same as in the previous case, the exemption of the three children is cut to \$15,000. In other words, in the same set of circumstances the children with the mother are given over twice the exemption that the orphan children are given. It seems to me an arbitrary stand. Why were those figures arrived at?

Mr. ILSLEY: In the case of the \$35,000 it is the widow who gets the exemption. She gets it presumably because she needs it; she probably has no other source of income, and has the home to maintain. In the case of the orphan children there is no widow to get the exemption.

Mr. CASSELMAN: Surely the children without a mother or father require more exemption than if there is a mother to look after them.

Mr. ILSLEY: The widow requires the exemption on her own account. In the \$35,000 case she gets only \$15,000 on account of the three children, plus \$20,000 for herself. In the other case there is no widow, and the three children get the \$15,000 exemption.

Mr. HANSON (York-Sunbury): What my colleague is arguing is that in the second case the children without a parent require more than the widow plus the children. There should be a lifting of the \$15,000 limitation. Suppose there are five children; \$3,000 each is not enough. In some communities where families are large, there might be more than five children. It is just arbitrary. Consideration ought to be given to an allowance based on the number of children.