

Senator POWER: What if the father just simply lends his son \$10,000 and then says, "forget about it."

The CHAIRMAN: That is not under this section.

Senator POWER: The son buys the property with it. I am talking about the case where the son buys a property and the father gave him \$10,000 and afterwards tells him to forget about it.

The CHAIRMAN: I think what the father would have to do is to buy the property and give it to the son.

Dr. EATON: If I may comment on that point, there is the ordinary gift tax exemption of \$4,000 a year, which can be used to discharge a debt, and a father can take a note and then forgive it. This provision is in addition to the \$4,000 a year without gift tax.

Senator LEONARD: Provided there is an interest in real property.

The CHAIRMAN: Yes.

Senator GOUIN: Mr. Chairman, as you know, in Quebec, we have gifts *inter vivos* only by marriage contract. My first question is, would this apply to a gift by marriage contract? A future husband gives to his future wife, under a marriage contract, without separation as to property, joint ownership in the house in which they are going to live. My impression would be that that would apply.

The CHAIRMAN: It says, a gift to the spouse or child.

Senator GOUIN: This is just in the case of a gift to the spouse.

The CHAIRMAN: The intended spouse.

Senator MACDONALD: It takes effect after marriage.

The CHAIRMAN: I would not presume to express an opinion on it; it would be a matter of contract.

Senator GOUIN: In this case it would be the future husband, and the contract takes place only when the marriage takes place.

Senator BRUNT: Can this not be done now in Quebec, without this section, and no tax attaches to it?

The CHAIRMAN: Senator Power, you were one who said this section was of no benefit.

Senator POWER: I am inclined to agree with Senator Gouin's example that, to the extent of \$10,000 there could be a gift, and it would be covered. If a future husband, in consideration of marriage, undertook to give \$10,000 to a future spouse, I am wondering if during a marriage the husband could give another \$10,000 with no gift tax on it. That, I don't know.

Senator GOUIN: It is only because she is his future spouse; the contract would take effect only with the celebration of the marriage. And further, Mr. Chairman, the bill would allow a gift to the children to be born of the marriage.

Senator ASELTINE: Why could not the husband ratify the contract after marriage?

Senator LEONARD: Would the gift take effect if the marriage did not take place?

Senator GOUIN: No, not under the marriage contract.

Senator POWER: I am not expressing myself one way or the other, because I do not know enough about it.

Section 41 agreed to.