

*Estate Tax Act*

I think we could put up a very good argument as to why death duties are at all necessary. Death itself causes enough hardship without adding to the burden by taxation, and when we consider that only about 1.5 per cent of the national revenue is derived from this source, in my opinion these taxes have a very crippling effect on the economy of the country. They certainly do not encourage one to save and build up an estate. However they are with us and will probably always be with us.

Therefore I think the government should give consideration, first, to extending the time of payment of succession duties from six months to five years and, second, to making it possible to pay these taxes by instalments.

As my motion deals with the payment of estate tax assessments by instalments I shall limit my remarks to this point. It is of paramount importance to Canada to arrange our taxing statutes so as to encourage the retention in Canada of the ownership of Canadian enterprises and to encourage the development of capital within Canada.

When the demand for taxes at death becomes confiscatory or requires the liquidation of a business at sacrifice prices, serious problems result. I submit that this is one of the reasons why certain taxpayers are forsaking Canada, and also why the control of much of our heritage is being sold to foreign investors. In the case of privately owned businesses where the owners die, six months is far too short a time to wind up an estate and secure the necessary funds to pay succession duties. The widow or some member of the family may wish to carry on the business, but the payment of succession duties in six months time is too great a drain on the capital reserves. Whereas, provided that a non-liquid estate furnishes proper security and interest is charged, there would seem, Mr. Speaker, much in favour of permitting the payments on the instalment basis.

May I remind the house again of the difficulties of continuing a family or small business, or making a satisfactory sale of the business after the death of the owner. It does create a real problem. Imposing payment of succession duties within six months only creates further problems, causes forced sales and loss of ownership, often to foreign investors.

I think I should draw the attention of the house to another hardship caused by the payment of these taxes within six months of death. The case so often happens where the

survivors, in many instances widows, have to make forced sales of stocks or bonds. The sales have to be made at a low market value, thus creating grave problems for survivors, particularly in family owned corporations.

Another hardship often created by imposing the present regulations of the Estate Tax Act is in the rural area of our country. I know of a case where a father owned a large farm stocked with a good herd of pedigree cattle. He died without making a will. He and his two sons had been building up this farm. Very unfortunately the mother died a short time afterwards, with the result that the two boys found themselves in the position where they had to gather up sufficient funds to pay the succession duties. There were no liquid funds available. The only thing they could do was call an auction sale, and this purebred herd of cattle was dispersed at that sale. They had taken years to build it up, and it was a real hardship for these two boys to see this herd dispersed simply in order to pay succession duties.

The Estate Tax Act, with respect to payment of succession duties should, as I said at the beginning, be amended to make death taxes payable in instalments, with interest in approved cases. Several representations and briefs have been submitted to the government in this respect. The National Council of Women of Canada, the Estate Planning Council of Toronto, and the Canadian Bar Association have all shown a great interest in this matter, and presented briefs to the royal commission on taxation.

I brought this subject up during the last session of this house, and a number of hon. members were very interested in my motion. Some five speakers participated in the debate, and with the exception of two members on the government side they were in favour of the motion. I realize that those on the government side no doubt will be bringing up some of the arguments that were mentioned previously.

As recorded at page 2990 of *Hansard* of May 6 last, the parliamentary secretary to the Minister of Finance (Mr. Benson) has this to say:

There is a problem in connection with family businesses which exists in this field and, as hon. members know, the officials of the Department of National Revenue have been looking at this problem for some time. One of the great difficulties with which they have had to deal is the fact that nobody comes forward and gives us a specific example of a business which has had to be sold because of having to pay the estate tax. People talk of this generally but do not come forward and say that a particular business must be sold because of this.