

Estate Tax Act

Clause 7 (1) agreed to on division.

Clauses 7 (2) to clause 9 (7), inclusive, agreed to.

On clause 9 (8)—*situs of property*.

Mr. Benidickson: On clause 9, subparagraph 8, we had quite a discussion in the banking and commerce committee about these changes that are made in the rules that hitherto have been applied with respect to situs of property. There are provinces that collect estate duties, and they are obliged to follow the common law. Practically every organization that submitted a brief to the minister with respect to his proposals for changing the situs with respect to certain types of property felt that this was very undesirable, even though they admitted that it perhaps provided some efficiency from the federal point of view.

It was pointed out that the provinces were obliged to accept the common law in so far as the situs of various types of property was concerned. They felt that in a country where we had people subjected to both provincial estate duties and federal estate duties, it was very undesirable to have two rules with respect to situs, and until there could be some unanimity they did not approve of these changes the minister recommends in this bill.

I realize that we had evidence on this point and the evidence was probably somewhat convincing that the rules here, in some instances, seemed to be more natural and perhaps more efficient. But it is establishing a conflict with the provinces that either now or in the future will be collecting succession duties and establishing situs of property, and as in the committee on banking and commerce I feel I would have to say "on division" with respect to this section.

Mr. Fleming (Eglinton): The matter of situs arises, it is true, under clause 9, subparagraph 8. It arises also much more extensively under section 38, and that is the place where I think the matter could have been more properly discussed. It is the place where we discussed it in committee.

I shall make this observation and content myself with it, Mr. Chairman. The common law rules in regard to the determination of situs of various classes of property are difficult. Anyone who has had experience in determining questions of situs of property in relation to succession and in relation to succession duty knows how difficult those rules are.

In this bill, in the clauses I have mentioned, we have introduced a number of statutory definitions. In the main they follow

[Mr. McIlraith.]

the common law. They clarify, and they will make it easier for the parties concerned to know, the rules on situs that will be applicable in the determination of the estate tax. I think, Mr. Chairman, this is one of the improvements the bill has brought about in the existing law, because it has laid down in clearer terms than existed in the case books the rules that are to govern. Substantially they follow the common law rules. There are divergences, but I think in those cases the divergence is sound and is to be desired in the interests of clarification of the law and a clear understanding on the part of those who will be governed by the law.

Clause 9 (8) agreed to on division.

Clauses 10 to 14 (6), inclusive, agreed to.

On Clause 15 (1)—*Instalment payments*.

Mr. Benidickson: On 15 (1), Mr. Chairman, I have a very brief comment to make. I noticed, I think it was 10 days ago, that the United States House of Representatives developed a bill with respect to taxation generally. It was in several parts. They provided some relief with respect to income tax, but in the same bill they were amending their rules with respect to estate duties. The only amendment I noted in the bill that had relation to estate duties was that they felt obliged to alter the term for instalment payments to 10 years. I commend that to the minister.

Mr. Fleming (Eglinton): This clause, Mr. Chairman, goes further than any federal legislation has gone before. The previous rule in the Dominion Succession Duty Act was payment in four annual instalments. This provision allows payment in six annual instalments.

Mr. Benidickson: And it is an improvement on Bill No. 248, is it not?

Clause 15 (1) agreed to.

Clauses 15 (2) to 20 (3), inclusive, agreed to.

Clauses 21 to 24 inclusive agreed to.

On clause 25—*Irregularities*.

Mr. Benidickson: Mr. Chairman, I have some remarks to make on clause 25. Perhaps we can call it one o'clock.

At one o'clock the committee took recess.

AFTER RECESS

The committee resumed at 2.30 p.m.

Clauses 25 and 26 agreed to.

On clause 27—*Listed securities*.

Mr. Benidickson: Mr. Chairman, one does receive representations from the public when