

*Estate Tax Act*

their own succession duty acts. Other provinces do not and the federal government collects estate taxes and then remits them to these seven provinces. According to my research, there has to be consultation with the provinces of Ontario, Quebec and British Columbia as to whether they are prepared to make the same provision in their own acts.

I have read the debate on December 9 and the debate on May 6, 1964 with regard to the estates tax resolution when it was before this house. As a result of my own research and discussions with other lawyers eminent in estate matters, I have concluded that there is a problem in obtaining the agreement of the provinces to having the same provision in their own acts. If the provinces agree to this provision, then the federal government can also have it. I believe that the report of the Carter commission on taxation will probably come forward by the end of this year or perhaps sooner, as well as the reports of the various provincial royal commissions on taxation. I am sure these reports will contain recommendations with regard to the Estate Tax Act. Certainly, there is a great deal lacking in this act and it is not doing the job it was meant to do when it was enacted in 1959. I believe that when these reports come forward the Minister of Finance (Mr. Gordon) should consult with the provincial ministers in Ontario, Quebec and British Columbia, on the possibility of obtaining such an amendment as has been proposed by the hon. member for Wellington South. Certainly, I will do all I can to urge that this is done.

The parliamentary secretary has stated the minister will do this. The hon. member can be assured that I will do my best to see that he does do this. The other problem connected with section 16 is that it permits the minister to defer the payment of taxes in cases of undue hardship which may occur if payment is demanded too quickly. I believe that six months is too quick for any person, any individual or large corporation. I gathered from the remarks made by the hon. member for Wellington South that he would like to see succession duties eliminated. I agree, and so far as the federal government is concerned the revenue collected is so small, 1.5 per cent of our national revenue, that it would not have a great effect. However, I agree also with the hon. member that we probably will never see this done. Certainly, we should try to alleviate the burden that is imposed on many large corporations and many family businesses connected with the payment of

succession duties within the six month period. This certainly is a hardship, not only on the large corporations but on the small business firms.

I have a recollection of one case in which the widow of the deceased proprietor wished to carry on the business. She was unable to do so because her husband had not provided means whereby the succession duties could be paid. She was unable to carry on the business because of this demand for the payment of succession duties. An appeal was launched under section 16, but she was not able to obtain the discretion of the minister, so there was hardship involved. I should like to suggest, if it would be possible to do so without consultation with the provinces, that the deferment period be extended to 12 months rather than six months. Then, perhaps if a bond were posted it could be extended another six months, making it 18 months. If the deferment period were 12 months, then many people would not be forced to sell short at a time of low capital value or forced to consider refinancing.

I do not believe the industrial development bank meets the situation when it comes to the payment of succession duties. The industrial development bank, in the functions it exercises, is lacking because there is too much red tape, and at times the delay is too lengthy in processing the loan. By the time the bank turns down your application the six month period has expired. I should like to see action taken, therefore, to extend the deferment period for at least 12 months. In addition, I should like to see some definition of what is undue hardship and excessive sacrifice. I know there are others who wish to speak in this debate, so I will give up my time to them.

**Mr. M. J. Moreau (York-Scarborough):** I did not intend to speak in this debate today until I heard the parliamentary secretary say he was looking for evidence that there was a problem in this area. I thought perhaps I might relate for the benefit of the house one example, at any rate, without mentioning any names, which was brought to my attention within the last six months. I certainly assure the parliamentary secretary that I will be giving him all the details of this problem before too long.

I should like to commend the hon. member for Wellington South (Mr. Hales) for bringing the problem before the house. I must agree with the parliamentary secretary, however, that it is one which properly belongs before