

understand that, after such certificate has been given, the dominion succession duty department will still have power to re-assess and levy further duty?

Mr. SLAGHT: That is the way it worked out in Ontario.

Mr. WHITE: That is exactly the point I was going to bring up next.

Mr. SLAGHT: The section meant nothing, and a similar provision for opening up was invoked.

Mr. ILSLEY: I do not know what section 35 does. It states that there is no discharge if there is fraud, but I do not think there is any discharge anyway.

Mr. HANSON (York-Sunbury): Is there no finality?

Mr. MARTIN: To what section is the hon. member referring?

Mr. HANSON (York-Sunbury): Section 35. That refers to the certificate of discharge.

Mr. WHITE: The executor must be released in some way, because he would not be able to distribute the estate until he was satisfied that he had made final settlement with the succession duty office.

Mr. HANSON (York-Sunbury): This provides that there shall be no discharge if there has been fraud.

Mr. SLAGHT: I think sections 35 and 23 need some adjustment.

Mr. HANSON (York-Sunbury): So do I.

Mr. ILSLEY: In my opinion the meaning of section 35 is this, that the certificate of discharge acts as a discharge except in the case of fraud or failure to disclose material facts.

Mr. HANSON (York-Sunbury): Then, does the minister suggest that section 35 would override section 23, as being a subsequent section? That is quite a nice point of interpretation.

Mr. SLAGHT: That difficulty would be removed by the insertion, at the beginning of section 23, of the words, "subject to the provisions of section 35."

Mr. HANSON (York-Sunbury): Yes. These are very nice questions, and they should be settled.

Mr. ILSLEY: Well, "subject to the provisions of section 35" could be inserted at the beginning of section 23.

Mr. CASGRAIN: I move accordingly.

Mr. HANSON (York-Sunbury): Would that cover the point we raised about finality?

Mr. ILSLEY: It does not relieve in cases of failure to disclose, or fraud; the estate can be reopened at any time before or after a ten-year period, and I think that is the way it ought to be. I do not agree that one can fix a definite period.

Mr. HANSON (York-Sunbury): The only thing that might reopen it would be a question of valuations of disclosed assets. Assume, for instance, that the value of the stock of a company not listed, owned by an estate, was fixed and agreed upon between the department and the representatives of the estate, and that, after duty had been paid, somebody came along and said, "Oh, that stock is worth a great deal more than that". Such things have happened. Let us say that some enemy of the testator wrote making the allegation that the shares were worth, not the stated valuation but a much higher valuation; then the department starts an investigation, and, upon a preconceived theory that there has been an undervaluation, it says, "We want thus much money from you."

That is what is happening in Ontario. That has happened here in Ottawa, without any real justification. Shares in what is commonly known as a family company—not technically a family company—have in many respects no market value; there is no market for them. They have intrinsic value, but no market value. Who wants to buy in a minority interest in a family company of which he has no control, no say in the management, no possibility of electing a director? Yet the intrinsic value of the shares might be high. There is a marked distinction between market value and intrinsic value in respect of that kind of property. I have seen it happen that a man bought a minority interest in a company in the expectation that, having put his money in, he would get employment in the company and eventually succeed to the ownership, but subsequently he was squeezed out by the majority holder and just could not sell his shares at all. I remember a case in my own practice. The intrinsic value was there, but he could not sell to anyone except the majority holder, who gave him what he pleased for it. That is what may happen here. I do not know how the minister is going to deal with it; I hope he will view it with decent leniency, that is all.

Mr. ILSLEY: There are fairly liberal provisions for appeal on the question of value.

Mr. HANSON (York-Sunbury): Oh, yes, but appeal is always costly.

Amendment agreed to.

Section as amended agreed to.