

ESTATE TAX ACT

The Minister of Finance—In Committee of Ways and Means

That it is expedient to introduce a measure to amend the Estate Tax Act to provide among other things:

That with respect to property passing on the death of a person whose death occurs after October 22, 1968.

(a) the deductions that may be made from the aggregate net value of such property for the purpose of computing the aggregate taxable value of such property pursuant to paragraphs (a), (b) and (c) of subsection (1) of section 7 of the said Act be replaced by the following deductions:

- (i) an amount equal to the value of any property included in computing such aggregate net value that passes absolutely and indefeasibly to his spouse,
- (ii) an amount equal to the value of any property included in computing such aggregate net value that passes to a trustee subject to a trust under which only the spouse of the person has, during the spouse's lifetime, a right of any kind whatsoever to receive, use or enjoy any of the property so settled or a beneficial interest in any of the income from such property,
- (iii) where property included in computing such aggregate net value passes to a trustee subject to a trust under which only the spouse of the person has, during the spouse's lifetime, a right of any kind whatsoever to receive any of the property so settled, and the spouse is to receive payments in ascertained amounts or in amounts limited by an ascertained maximum amount throughout the spouse's lifetime, which amounts are to be paid to the spouse out of the income from such property to the extent of such income, and in priority to the claim of any other person entitled to any interest whatsoever in the income from such property, the lesser of
 - (A) an amount equal to the value of the property that passes to the trustee subject to the trust, or
 - (B) the amount determined by regulation to be the capital sum necessary to produce income sufficient to make the payments to the spouse,
- (iv) for each child of that person, an amount equal to the lesser of the value of the property included in computing such aggregate net value that passes to the child or \$10,000,
- (v) for each infirm child of that person who, at the date of death, was wholly dependent upon the person or the spouse of the person, an additional amount equal to the least of
 - (A) the product obtained when \$1,000 is multiplied by the number of years in the period commencing with the date of death and ending with the date on which the child will, if ever, become 71 years of age,