

Ways and Means

(v) where the taxpayer is a beneficiary under a trust that has been used by the taxpayers spouse to make an exempt gift or bequest to the taxpayer, payments out of the trust unless such payments are in accordance with the original terms of the trust,

(d) where a person has made a gift that was exempted from tax by virtue of paragraph (b) of subsection (4) of section 112 of the said Act and such gift takes effect prior to the death of that person or the donee obtains the benefit thereof prior to the death of that person, he shall be deemed to have made a gift equal to the full value of the property on the day such gifts takes effect or the donee obtains the benefit thereof, and

(e) the rates of tax on gifts provided in section 113 of the said Act be repealed and that the tax payable by an individual upon the aggregate taxable value of gifts made by him in a taxation year shall be an amount equal to the excess of

(i) the amount determined by applying the rate schedule set out below to his cumulative gift sum for the taxation year over

(ii) the amount determined by applying the said rate schedule to his cumulative gift sum for the immediately preceding taxation year and for the purpose of this motion an individual's cumulative gift sum

(iii) for the 1968 taxation year, shall be the aggregate taxable value of gifts made by him after October 22, 1968 and before January 1, 1969, and

(iv) for each taxation year after 1968, shall be the amount obtained when the aggregate taxable value of gifts made by him in the year is added to his cumulative gift sum for the immediately preceding taxation year, and the rate schedule to be applied to an individual's cumulative gift sum shall be

(v) 12% where the sum does not exceed \$15,000,

(vi) \$1,800 plus 15% of the amount by which the sum exceeds \$15,000 if the sum exceeds \$15,000 and does not exceed \$30,000,

(vii) \$4,050 plus 18% of the amount by which the sum exceeds \$30,000 if the sum exceeds \$30,000 and does not exceed \$45,000,

(viii) \$6,750 plus 22% of the amount by which the sum exceeds \$45,000 if the sum exceeds \$45,000 and does not exceed \$60,000,

(ix) \$10,050 plus 26% of the amount by which the sum exceeds \$60,000 if the sum exceeds \$60,000 and does not exceed \$80,000,

(x) \$15,250 plus 30% of the amount by which the sum exceeds \$80,000 if the sum exceeds \$80,000 and does not exceed \$100,000,

(xi) \$21,250 plus 36% of the amount by which the sum exceeds \$100,000 if the sum exceeds \$100,000 and does not exceed \$125,000,

(xii) \$30,250 plus 45% of the amount by which the sum exceeds \$125,000 if the sum exceeds \$125,000 and does not exceed \$150,000,

(xiii) \$41,500 plus 60% of the amount by which the sum exceeds \$150,000 if the sum exceeds \$150,000 and does not exceed \$200,000,

(xiv) \$71,500 plus 75% of the amount by which the sum exceeds \$200,000 if the sum exceeds \$200,000, and that a taxpayer's liability for gift tax for the taxation year 1968 shall be the aggregate of

(f) an amount in respect of gifts made in the period January 1 to October 22, inclusive, computed in accordance with the present provisions

[Mr. Benson.]

of Part IV of the said Act as though the said period were a complete taxation year, and

(g) an amount in respect of gifts made in the period October 23 to December 31, inclusive, computed in accordance with the provisions of Part IV of the said Act, as amended to give effect to this motion, as though the said period were a complete taxation year except that the value of gifts made to an individual in the period January 1 to October 22, inclusive, shall reduce the exemption described in clause (ii) of subparagraph (a) of this motion with respect to that individual,

and that, for the purposes of Part IV of the said Act, rules similar to certain of the valuation rules now set out in the Estate Tax Act be provided for valuation of property that is the subject-matter of a gift.

2. 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 Estate Tax 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 vests indefeasibly in 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 or use 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 lesser 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, or