

Dominion Succession Duty Act

regard to heavy taxation on large fortunes. The hon. member mentioned that in Great Britain an estate of approximately \$5 million would be subject to taxation of about 85 per cent whereas in Canada such an estate would be taxed at approximately 54 per cent. If this measure were designed to bring about an equality of wealth to such a degree I think a policy of this kind would have the tendency of discouraging initiative and killing the imagination and ingenuity of people and would show an utter disregard of the ability of an individual.

I have one question to ask the Minister of Finance. Under the Dominion Succession Duty Act certain revenues have accrued during 1957. Assume that this new estates tax act becomes the law in the year 1958, how does the Minister of Finance anticipate that the revenue under the new act will compare with that under the old act?

Mr. Fleming: Mr. Chairman, as I indicated in my statement on this subject on December 6, the new act will yield less revenue than the present Dominion Succession Duty Act. It has been drawn that way deliberately with a view to reducing the rates of tax particularly on estates of smaller size.

Mr. Christian: Thank you. That is what I anticipated. I would also like to ask the minister whether he could give us some idea when the bill will be introduced and circularized?

Mr. Fleming: Mr. Chairman, the moment this resolution is passed the bill will be introduced, given first reading and will be available at once for distribution. As I indicated last night, we do not propose to go any farther with it than this at the present session. But, in the light of the suggestions, recommendations and advice we may receive from those who study the bill in the interval between the two sessions, we would propose to introduce the measure at the next session of parliament. It may be that it will not then be in the same form. It may be that we shall be making changes in the light of the recommendations we shall receive. But the measure that is drafted will be available the moment this resolution is passed.

Mr. Christian: I should like to say further that we in the Social Credit group in this house agree that it is expedient that this measure be introduced to replace the present Dominion Succession Duty Act. I am particularly concerned about the provision in the estate tax measure to the effect that if a man is survived by a widow and dependent children, certain statutory exemptions will be given. As I understand it, under the old act there was a \$20,000 exemption for the widow

[Mr. Christian.]

and that if a widow survived and there were five children, each child would have an exemption under the old act of \$5,000, making a total exemption for the widow and five children of \$45,000. However, under this measure there is an exemption for the widow of \$60,000 and \$10,000 for each child, which makes the total amount of exemption of \$110,000. Under the old act—and I took a look at it—I note that the definition of “child” includes a child of the deceased and also a child who has been lawfully adopted while under the age of 12 years by the deceased as his child, provided at the time of the death of the deceased the child was under 18 years of age, in the case of the deceased’s own child or an adopted child.

Under the new act, as I understand it, the age will be raised for the child from 18 years to 21 years. When the definition of the word “child” is given I trust that it will also include an adopted child.

With regard to the matter of the bill itself, I should like to read from the Canada Trust bulletin for the month of January, 1958. The heading in the bulletin is “The New Estate Tax Act” and it explains the difference between succession duty and an estate tax in the following words:

It is not generally known that succession duties are levied against beneficiaries—not against estates. The rates of duties payable by the beneficiaries vary in relation to the size of the estate, the value of the individual benefits, and the degree in which the beneficiaries are related to the deceased. As a result, the assessing of succession duties can be a very involved process requiring large and highly trained departmental staffs.

In contrast, an estate tax is levied against estates, and although the rates of tax may vary with the size of the estate, the assessing of the tax is not complicated by such factors as the value of individual benefits and the relationship of the beneficiaries to the deceased. An estate tax, therefore, possesses the merits of simplicity and economical administration.

I would therefore congratulate the minister. I believe that this particular measure, when it is introduced into the house and when it becomes law, will be a good one and will be a big improvement over the old succession duty act.

Mr. Herridge: I just want to say a few brief words on this resolution. First of all, I must say that I am glad that the minister who is introducing the bill is leaving it, as it were, on the order paper so that it will be given study by a good number of people who are interested in this type of legislation. I know that members of this group—and, I suppose, the same is true of all members of the house—have received representations from various organizations suggesting the necessity