

Proceedings on Adjournment Motion

try and the unions and later for general publication, regarding the safety of the crew and the ship in no way interfering with the free collective bargaining process.

FINANCE—REQUEST FOR MORE EQUITABLE
ESTATE TAX ON FARM LAND

Mr. J. E. Pascoe (Moose Jaw-Lake Centre): Mr. Speaker, this afternoon I attempted to ask a question which related to the present high valuations being placed on farm land for the purpose of assessing estate tax on property left by a deceased person. The question I addressed to the Minister of National Revenue suggested that the present policy of high valuations on farm land in relation to the original cost of the land, and even in relation to farm prices only a few years ago, is actually a form of capital gains tax. Estate tax assessments of \$125 to \$150 per acre on farm land that my have been homestead land or purchased a few years ago at \$25 or \$30 per acre are, in my opinion a capital gains tax. How else can you explain the practice of the Department of National Revenue?

● (10:20 p.m.)

A farmer may have homesteaded land or have purchased it in an undeveloped state at a reasonable price but by hard work over the years he has put his farm into a highly productive condition. Surely it is a form of capital gains tax when on a farmer's death his land is valued at \$125 or \$150 per acre by way of arbitrary levey against his estate. The arbitrary valuation of farms for estate tax purposes can lead to inequitable treatment.

In this connection I should like to refer to three specific cases of estate tax valuation which indicate a wide discrepancy in the assessment made by the Department of National Revenue. These three cases relate to land with the same tax assessment and the same type of soil. On the death of one man in November 1964, the land was assessed at \$85 an acre. The land of another man who died in April 1965, was assessed at \$100 an acre, and the land of a third, who died in December of the same year, was assessed at \$125 an acre. It is my contention that these diverse valuations for estate tax purposes with respect to land of practically the same soil type, in the same area, and having practically the same r.m. assessment, emphasize the need for a more equitable policy.

There is a further aspect of estate tax policy that I should like to draw to the attention

of the house. It concerns the preservation of the family farm. Consider, for example, an 800-acre farm which has been built up by a farmer in the expectation that his son will carry on. In one case I have in mind the son is actually operating a farm still owned by his father. The father dies. The estate tax valuation on the 800 acres is \$125 an acre. This amounts to \$100,000. The widow benefits by an exemption of \$60,000 but the estate tax levy on the remaining \$40,000 could well be such as to force the widow to sell the farm in order to pay the tax, thus removing the farm from family operation.

I suggest, that the government should lighten this burden by lowering the valuation on farm land. I contend this should be done at least where a son or a daughter is taking over the land from the father. Such a policy is essential if family farms are to continue.

I want to read an excerpt from a leading editorial in the Regina *Leader-Post* of November 25, 1966:

Economic farm units have a minimum value of around \$100,000 these days. Finding the money to pay an estate tax on a farm of this value is apt to impose a crippling financial burden on the heirs. At a time when a major objective is to encourage the development of more family farms into economic units, imposing this tax works in the opposite direction.

Farther on the editorial says:

Reasonable persons should have no difficulty in thinking things through to the logical conclusion that the tax does more harm than good.

I hope the Minister of National Revenue will consider my remarks carefully and bring about the suggested change in estate tax policy in the interest of preserving family farms.

Mr. J. E. Walker (Parliamentary Secretary to Minister of National Revenue): Mr. Speaker, the value of farm land has enhanced over the past years and the basis of evaluation for estate tax purposes has always been the fair market value at the date of death, and it still is. Therefore, since farm land can now be sold at higher prices than similar land could be sold a few years ago the values placed on it now are higher than they were then, using the same test of fair market value. Of course, as in all estate tax matters decisions of the Department of National Revenue can be appealed to the Income Tax Appeal Board.

Motion agreed to and the house adjourned at 10.26 p.m.