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COLONIES (ESTATE DUTY).

L E T T E R

FROM THE

HIGH COMMISSIONER FOR CANADA

RESPECTING THE

APPLICATION OF ESTATE DUTY TO PERSONAL
PROPERTY SITUATE IN THE COLONIES.

(In continuation of [C 7433], June 1894.)

Presented to both Houses of Parliament by Command of Her Majesty.
July 1894.



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COLONIES (ESTATE DUTY).

LETTER

FROM THE

HIGH COMMISSIONER FOR CANADA

RESPECTING THE

**APPLICATION OF ESTATE DUTY TO PERSONAL PROPERTY
SITUATE IN THE COLONIES.**

The HIGH COMMISSIONER FOR CANADA to COLONIAL OFFICE.

(Received July 2, 1894.)

Victoria Chambers, 17, Victoria Street, London, S.W.,
June 30, 1894.

SIR,

REFERRING to the joint communication of the Agents-General and myself to the Marquess of Ripon, dated the 12th instant,* I have to acquaint you, for the information of his Lordship, that the Chancellor of the Exchequer was good enough to receive us on two occasions, when he discussed the subject of the memorial with us, and, as you are aware, subsequently modified the proposals which he had made in the Finance Bill as to the imposition of death duties on property in the Colonies belonging to persons domiciled in this country.

While acknowledging the great courtesy of the Chancellor of the Exchequer in his communications with us, and his evident desire to meet, to some extent, the objections which we had raised, I feel it my duty to call the attention of the Secretary of State for the Colonies to the present position of the question.

In due course I sent a telegram to the Prime Minister of Canada, informing him of the modified proposals of the Chancellor of the Exchequer. This communication has received the very careful consideration of the Government of Canada, and I have this morning received from Sir John Thompson the following telegram as the result.—

“ Council is of opinion that strong opposition should be made to proposed policy of levying death duties on property in Canada even with the amendment proposed.”

I beg, therefore, to again invite the attention of the Marquess of Ripon to what I cannot but consider a very important question. The modifications proposed by the Chancellor of the Exchequer, if enacted by the Imperial Parliament, will undoubtedly result in the death duties in all the Colonies being increased to the same amount as the proposed estate duties, and, consequently, no revenue will be derived from their operation upon property in the Colonies. But while the proposed legislation will thus fail in providing revenue for the Imperial Exchequer, it will be attended with very grave and serious objections from a Colonial point of view. In all the Colonies where the death duties are now lower than they would be under the proposed Bill the Governments, in proposing increased taxes, will no doubt explain that it is forced upon them by the Imperial Act, and the responsibility for this increased taxation will fall upon Her Majesty's Government, with the result of endangering that loyal devotion to British institutions which now exists throughout the Colonies.

* [C. 7433], June 1894

I greatly fear that a serious question will be raised as to the right of Her Majesty's Government, under the free institutions that have been accorded to the Colonies, to enact legislation which will have the effect of imposing taxation upon property situate in the Colonies. The right of taxation for the purpose of maintaining the Governments and carrying on the development of those great Colonies has been held to have been conceded exclusively to the Colonial Parliaments, and I believe I am safe in saying that no precedent for any taxation of this description can be found to have its origin since responsible government was accorded to the Colonies.

Under the proposed Bill, the property of a person acquired in the Colonies and situated there will be subjected to a large amount of taxation, which will fall on his heirs, who may never have resided outside the Colony, simply because in his declining years the owner became domiciled in this country, where he has contributed to the Imperial Exchequer taxes in respect of the income received from his property in the Colony.

So far as Canada is concerned, the case is even stronger than in the other Colonies, as, under the Confederation Act passed by the Imperial Parliament in 1867, the power of imposing taxation of this description was exclusively assigned to the local governments and legislatures of the Provinces of the Dominion, for the purpose of enabling them to provide the revenue required to carry on the administration of local affairs. In many of those Provinces considerable difficulty has been experienced in providing the necessary amount of revenue for the purpose, and this invasion of a field of taxation thus exclusively assigned to them would result in very serious inconvenience.

I may also mention that a large amount of property which, under ordinary circumstances, might well be spoken of as colonial, is regarded by the authorities as being situate in the United Kingdom, and is already liable to the existing probate or administration duty, even in the case of a deceased owner domiciled in a Colony. I refer to such classes of property as the following —

- (1.) Colonial inscribed stocks transferable only on the books of the Bank of England or any other bank in London.
- (2.) The registered stocks of a British joint stock company, although its funds are invested and its enterprise is carried on in a Colony.
- (3.) The registered stocks upon the British register of a colonial company having a register here as well as in the Colony.

In these circumstances, I cannot but hope the Chancellor of the Exchequer may be induced to abandon a proposal which, while it will absolutely fail in its object, is calculated to raise questions of controversy between Her Majesty's Government and the self-governing Colonies that on every account are to be deprecated.

I must, therefore, ask the continued good offices in this important matter of the Marquess of Ripon.

I am, &c.
(Signed) CHARLES TUPPER.
