

The Dominion Government, in the Third War Budget of Apr. 29, 1941, imposed a tax of 3 cents per gallon on gasoline. Proceeds from this tax amounted to \$24,752,396 and \$24,897,924 in the fiscal years 1942 and 1943, respectively.

### Section 3.—Succession Duties

The first imposition of succession duties in Canada was in 1892, when Nova Scotia, New Brunswick, Quebec and Ontario enacted legislation of this nature. The date of their introduction into the other provinces are given at pp. 863-871.

Succession duties have grown to be an important if fluctuating part of provincial revenues and Table 5 shows the receipts from this source from 1921.

In 1941, the Dominion, under the pressure of war finance, entered this field of taxation. The Dominion Succession Duty Act was enacted as c. 14 of the session of 1940-41. Certain amendments were made to the Act by c. 25 of 1942. The Act is administered by the Department of National Revenue. Dominion receipts from succession duties for 1942 and 1943 are included in Table 5.

The entry of the Dominion into the field has complicated the problems as they present themselves to the executors and administrators of estates subject to duties. Not only do difficulties of the application of different schedules of rates to the same estates arise, but also questions of where assets are held, and whether and where they are transferable. Certain points have not yet been completely ironed out by the courts. Moreover, apart from the evident double succession duties chargeable by the Dominion and the province in which the owner lived and died, duties may be charged on the same property by more than one province.

The four classes of beneficiaries that are established under Dominion law (see p. 862) have, for example, specific rates that change with each classification. For Ontario, there are three different classes of beneficiaries (see p. 867) with quite different rates of duties attached to each class. It is common practice both in the Dominion and the provinces for an initial rate to be charged based on the total value of the estate and an additional rate based on the bequest received by each individual. Thus, in the case of the Dominion, a person who receives a bequest of \$50,000, say, out of an estate of \$500,000 is charged the rate for a \$500,000 estate plus an additional rate for \$50,000, and the total rate is then applied in calculating the tax on his bequest of \$50,000.

A recent decision from Osgoode Hall, Toronto, has declared that shares of an Ontario company owned in one State of the United States and transferable in another are not subject to Ontario duties. This might become established as a precedent for the other provinces and for the Dominion on the one hand, and for United States authorities on the other. The latter country might be led to take the same position as regards United States securities held by Canadians, but as yet the situation is not clear and duplication of succession duties by the several authorities directly or indirectly interested continues to be a source of much concern.\*

Under these circumstances, the difficulties of working out succession duty tables so as to show the combined effects of Dominion and provincial duties is realized. The best that can be done is to choose typical estates in the main classes laid down in the legislation and give a picture of the combined duties applicable in such cases. This has been attempted in the following series of tables in the hope that it will be useful in presenting to the student of this subject a general picture of the incidence of succession duties in Canada under conditions at present existing.

\* Terms of a convention between Canada and the United States to eliminate overlapping of taxes and duties on estates were announced in the House of Commons on June 16th by the Minister of National Revenue.