

proportionately among such orphans according to the number of them and the value of each individual benefit. Duty is payable on the excess only when the limit is passed.

Gifts made during the lifetime are exempt if the transfer was carried out before Apr 29, 1941, and the recipient of such gifts secured full possession at the time of the transfer and the donor (the deceased) thereafter did not retain any rights therein or secure any benefits therefrom.

If gift tax payable under the provisions of the Income War Tax Act has been paid in connection with the transfer made by a deceased person during his lifetime then no succession duty is payable in respect of such gift except to the extent that succession duty thereon is in excess of the gift tax.

Examples of the rates of duty and duty levied are given in the tables of the incidence of combined Dominion and provincial duties which follow.

**The Incidence of Combined Dominion and Provincial Succession Duties.**—The tables are intended to show, for each province, the effect of the combined Dominion and Provincial duties on estates left to typical individuals, and in this way to present a comparison of the combined duties payable by such individuals for estates ranging from \$20,000 to \$1,000,000. The final rate of provincial duty shown is, in most cases, the result of the combination of two or more series of rates. It would be impossible in the Year Book to cover the many different classifications, exemptions and saving clauses to be found in the legislation of the nine provinces. The specific cases that have been worked out are selected to give a general picture of the effects of succession duty taxation across Canada. In every case the estate is assumed to be wholly situated within the province and the beneficiary domiciled therein to be the sole heir. The reader is referred to the legislation and to the taxing authority shown under each provincial heading for more complete information.

*Prince Edward Island.*—Succession duties were first imposed in 1894 by c. 5 of the Statutes of that year. The current legislation is c. 59 of 1940, as amended by c. 18 of 1942, and the authority administering the Act is the Succession Duty Officer, Tax Branch, Department of the Provincial Treasury, Charlottetown.

Beneficiaries are divided into three classes, as follows:

- (1) Widow with dependent child; dependent child under 21 or infirm.
- (2) Widow without dependent children; child not dependent; father; mother; brother; sister; grandchild; son- or daughter-in-law; step-child.
- (3) Others.

Estates passing to persons in Class (1) are exempt to the value of \$10,000 and to those in Class (2) up to \$5,000. Where nephews and nieces are the beneficiaries of an estate with an aggregate value not exceeding \$20,000, one-half of the ordinary duty is charged. Duty is payable on the whole amount when the exemption limit is exceeded. No duty is levied on bequests for religious or charitable purposes to be carried out in the province, or by a resident thereof or by a corporation with head office in any of the three Maritime Provinces which carries out charitable, religious or educational bequests in Prince Edward Island.