

In 1941, the Dominion, under 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; c. 37 of 1944 and by c. 18 of 1945. In the 1946 Budget presented on June 27 the rates of Dominion succession duties were doubled, but it was stipulated that any payment made to the provinces on account of succession duties would be limited to one-half the succession duties payable to the Dominion. The Act is administered by the Department of National Revenue. Dominion receipts from succession duties for 1942 and 1945 are included in Table 9.

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 worked 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 charged on the same property by more than one province have in the past been common but inter-provincial legislation is now overcoming this situation.

The four classes of beneficiaries that are established under Dominion law (see p. 940) have, for example, specific rates that change with each classification. For Ontario, there are three different classes of beneficiaries (see p. 945) 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.

In order to relieve against the dual taxation as between the Dominion and the United States, a tax convention was signed on June 8, 1944. One of the terms of this convention is that shares in a corporation organized in or under the laws of the United States or any of the individual States shall be deemed to be property situated within the United States, and shares in a corporation organized in or under the laws of Canada or of the provinces or territories of Canada shall be deemed to be property situated within Canada.

An agreement respecting Succession Duties between Canada and the United Kingdom was also signed June 5, 1946.

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.