

elect either to enter or not to enter into an agreement with the Dominion and, in respect of succession duties, provided that even a province that did enter into an agreement could, if it wished, retain its own levies. As of the end of September, 1947, seven of the nine provinces, namely, Prince Edward Island, Nova Scotia, New Brunswick, Manitoba, Saskatchewan, Alberta and British Columbia, had agreed to this offer and had elected to repeal their own succession duties for the period from Apr. 1, 1947, to Mar. 31, 1952. For this period, therefore, provincial succession duties will be limited to those provinces which have not accepted the Dominion's offer before the period expires.

In anticipation of the withdrawal of several of the provinces from the field, the Federal Government had provided in the 1946 Budget that, as from Jan. 1, 1947, the rates of Dominion duty would be doubled, and that where a provincial levy was continued a credit would be allowed against one-half of the Dominion duty for duty paid to a province. The existing situation, therefore, is that in provinces that have withdrawn their duties the previous combination of Dominion and provincial rates has been supplemented by a single Dominion duty at double the previous Dominion level, which in most cases results in the continuation of a total duty approximately the same as previously levied under the two duties combined. On the other hand, in the provinces that have not withdrawn their duties, the doubled rates of Dominion duty apply but may be reduced up to one-half by a credit for the duty paid to the province.

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, c. 18 of 1945, and the doubling of rates and provision of the tax credit mentioned above by c. 46 of the Statutes of 1946.

Revenue from the Dominion duty is given in Table 9.

A common feature of both Dominion and provincial duties is the variation of rates by the degree of relationship of the beneficiary to the deceased. The four classes of beneficiaries that are established under Dominion law (see p. 1008) have, for example, specific rates that change with each classification, while in Ontario there are three classes of beneficiary with different rates of duty attached to each class. It is also a common feature of both Dominion and provincial Acts for an initial rate of duty 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.

Double taxation of estates resulting from taxation of the same property by more than one province has been common in the past, but the withdrawal of seven of the provinces from the field will considerably reduce this problem. In the international field, dual taxation has been dealt with by way of tax conventions. Such a tax convention between the Dominion and the United States 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.