

In 1947 seven provinces withdrew from the succession duties field as part of general agreements for the removal of duplication of direct taxation, negotiated with the Federal Government. These agreements succeeded the expiring Wartime Tax Agreements, and followed the general terms of the offer set out in the Budget Speech of June 27, 1946. This offer was drawn up in such terms that any province could elect either to enter or not to enter into an agreement with the Federal Government 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 previously mentioned, seven of the nine provinces, namely, Prince Edward Island, Nova Scotia, New Brunswick, Manitoba, Saskatchewan, Alberta and British Columbia, accepted this offer and 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 Federal Government offer before the period expires.

The Federal Government provided in the 1946 Budget that, as from Jan. 1, 1947, the rates of Federal duty would be doubled, and that where a provincial levy was continued a credit would be allowed against one-half of the Federal duty for duty paid to a province. The existing situation, therefore, is that in provinces that have withdrawn their duties the previous combination of Federal and provincial rates has been supplemented by a single Federal duty at double the previous Federal level,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 On the other hand, in the provinces that have not withdrawn their duties, the doubled rates of Federal duty apply but may be reduced up to one-half by a credit for the duty paid to the province.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. Two important amendments were made to the Act in 1948. The former provision by which bequests to non-profit charitable organizations in Canada were exempt only up to 50 p.c. of the aggregate net value of the estate, was changed to remove this limit entirely. A second change exempted from duty all successions derived from an estate of an aggregate net value not exceeding \$50,000: formerly this exemption had applied only up to an aggregate net value of \$5,000. While estates in excess of \$50,000 remain dutiable in full; it was provided at the same time that in no case would the duty reduce the value of the estate below \$50,000.

Revenue from the Federal duty is given in Table 8.

A common feature of both Federal 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 Federal law (see p. 1018) 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 Federal 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 Federal Government, 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.