

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. Legislation was passed in the other provinces in the following years: Manitoba, 1893; Prince Edward Island and British Columbia, 1894; Saskatchewan and Alberta, 1905. The Federal Government first imposed succession duties in 1941.

Table 23 shows the receipts of the various Governments from this source from 1947.

In 1947, seven provinces—Prince Edward Island, Nova Scotia, New Brunswick, Manitoba, Saskatchewan, Alberta and British Columbia—withdraw from the succession duty field. This action was consequent upon the acceptance of an offer made on June 27, by the Federal Minister of Finance in the 1946 Budget Speech, to “rent” from the provinces certain tax fields for a five-year period in return for compensation. By the terms of this offer a province had the option of “renting” its succession duty field to the Federal Government or of continuing to cultivate it and having its compensation appropriately reduced. To keep the succession duty burden approximately equal in all provinces a complementary measure was implemented by the Government whereby, the rates of federal succession duty were doubled and a credit of up to one-half the federal duty was allowed against it for succession duty paid to a province.

The seven provinces mentioned above entered into tax-rental agreements and also elected to “rent out” the succession duty field for the period Apr. 1, 1947 to Mar. 31, 1952. Accordingly, in these provinces, the previous combination of federal and provincial succession duties was replaced by a single federal succession duty at double the previous federal level which, in most cases, resulted in a combined duty approximately the same as previously levied under the separate federal and provincial duties. On the other hand, the Provinces of Quebec and Ontario did not enter into the agreements but the doubled rates of federal duty were applied and were capable of being reduced up to one-half by a credit for the duty paid to the Province.

The Yukon Territory in 1948, and the Province of Newfoundland in 1949, entered into a similar tax-rental agreement and elected to rent out succession duty fields for the periods Apr. 1, 1948 to Mar. 31, 1952, and Apr. 1, 1949 to Mar. 31, 1952, respectively.

In 1952, the tax rental agreements expired but new five-year agreements were negotiated with the same eight provinces which again elected not to cultivate their succession duty fields. The Province of Ontario also entered into an agreement but elected to continue to cultivate the succession duty field. Consequently, in all the provinces of Canada the situation in regard to succession duty is likely to be the same as that described above until Mar. 31, 1957.

The Dominion Succession Duty Act was enacted as 4-5 Geo. VI, c. 14. Certain amendments were made to the Act by 5-6 Geo. VI, c. 25; 7-8 Geo. VI, c. 37; 8-9 Geo. VI, c. 18; and the doubling of rates and provision of the tax credit mentioned