

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. Current legislation is the Dominion Succession Duty Act (R.S.C. 1952, c. 89).

In 1947 seven provinces—Prince Edward Island, Nova Scotia, New Brunswick, Manitoba, Saskatchewan, Alberta and British Columbia—withdraw from the succession duty field. The seven provinces entered into agreements with the Federal Government 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, for most provinces, resulted in a combined duty approximately the same as previously levied under the separate federal and provincial duties. The Provinces of Quebec and Ontario did not enter into the agreements but the doubled rates of federal duty were applied and are capable of being reduced up to one-half by a credit for the duty paid to these Provinces. Yukon Territory in 1948 and the Province of Newfoundland in 1949 entered into a similar tax rental agreement.

In 1952 the tax rental agreements expired but new five year agreements were negotiated with the same eight provinces which again elected not to tax in the succession duty field. The Province of Ontario also entered into an agreement on income tax but elected to continue to tax in 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.

Double taxation of estates resulting from taxation of the same property by more than one Canadian jurisdiction has been common in the past but with the withdrawal of eight of the provinces from the field and an interprovincial agreement between Ontario and Quebec, the credit provision of the federal legislation has reduced this problem considerably. In the international field dual taxation has been dealt with by way of tax conventions. A tax convention between Canada and the United States was signed on June 8, 1944 and amended effective Nov. 21, 1951. An agreement respecting succession duties was signed June 5, 1946 between Canada and the United Kingdom. A convention between Canada and France, signed on Mar. 16, 1951, came into effect on July 2, 1953.

Table 19 shows the receipts of the various governments from succession duties for 1953-56.

19.—Federal and Provincial Net Revenue from Succession Duties, Years Ended Mar. 31, 1953-56

NOTE.—Statistics for 1948-52 are given in the 1954 Year Book, p. 1080.

Province	1953	1954	1955	1956
	\$'000	\$'000	\$'000	\$'000
Federal.....	38,071	39,138	44,768	45,000
Provincial— ¹				
Newfoundland.....	—	—	—	—
Prince Edward Island.....	1	—	—	—
Nova Scotia.....	12	5	2	2
New Brunswick.....	1	6	—	—
Quebec.....	12,833	10,913	13,000	12,000
Ontario.....	19,821	20,164	23,000	18,000
Manitoba.....	8	5	3	3
Saskatchewan.....	13	23	23	—
Alberta.....	36	17	5	5
British Columbia.....	—	—	—	—

¹ Under terms of the 1952 Dominion-Provincial Taxation Agreements all provinces except Ontario and Quebec refrain from levying succession duties; amounts shown in other provinces are arrears. Provincial figures for 1955 are preliminary; figures for 1956 are estimates only.