

**Federal Duty.**—Beneficiaries are divided into four classes as follows:—

- (1) Widow or dependent child or dependent grandchild.
- (2) Husband; parent; grandparent; child over 18 years of age, not infirm; son- or daughter-in-law.
- (3) Lineal ancestor other than parent or grandparent; brother, sister or their descendant; uncle or aunt or their descendant.
- (4) Others.

No federal duty is payable on estates not exceeding \$50,000 or on bequests of up to \$1,000 to any one individual, nor is duty levied on gifts to the Federal Government or provinces, on residential property of certain diplomatic or consular officials, on pensions administered by the Canadian Pensions Commission or those payable by allied nations for war services, nor on insurance moneys or annuities if the person with whom the contract was made was domiciled outside Canada at the time of death. Provision is made for increased exemptions and reduced duties for those dying as a result of war service. Bequests to non-profit charitable organizations in Canada are exempt.

Widows are exempt up to \$20,000, dependent children to \$5,000 each and, where dependent children do not benefit, the widow's exemption is increased by \$5,000 for each child who does not benefit. For dependent orphaned children, there is a further exemption of \$15,000 (in addition to \$5,000) divisible proportionately among such orphans according to their number and the value of each individual benefit. Duty is payable on the excess only when the limit is passed, i.e., these exemptions are deductible exemptions.

Gifts made during the lifetime of the deceased are exempt if the transfer was carried out more than three years prior to his death and the recipient of such gifts secured full possession at the time of the transfer and the donor (the deceased) thereafter did not retain any rights therein or secure any benefits therefrom.

If gift tax payable under the provisions of the Income Tax Act has been paid in connection with the transfer made by a deceased person during his lifetime then no succession duty is payable in respect of such gift except to the extent that succession duty thereon is in excess of the gift tax.

The difficulties of working out succession duty tables to show the combined effects of federal and provincial duties are readily realized. The best that can be done here is to choose typical estates in the main classes laid down in the legislation and give examples of the combined duties applicable to them. This has been attempted in Tables 20, 21 and 22.

Examples of the rates of duty and duty levied are given in Table 20.

**20.—Occurrence of Succession Duties in all Provinces (except Quebec and Ontario) on Typical Estates**

Class	Aggregate Net Value	Dutiable Value	Rate	Duty
	\$	\$	p. c.	\$
A. Widow only.....	60,000	40,000	10.6	4,240
	100,000	80,000	14.7	11,760
	300,000	280,000	26.7	74,760
	500,000	480,000	32.7	156,960
	1,000,000	980,000	38.7	379,260
B. Only child over 25 years . . . . .	60,000	60,000	11.9	7,140
	100,000	100,000	16.7	16,700
	300,000	300,000	28.7	86,100
	500,000	500,000	34.7	173,500
	1,000,000	1,000,000	40.7	407,000