

Double taxation of estates resulting from taxation of the same property by more than one Canadian jurisdiction has been common in the past, but the withdrawal of eight of the provinces from the field, an interprovincial agreement between Ontario and Quebec, and the credit provision of the federal legislation have 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.

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 in such cases. This has been attempted in the following series of tables in the hope that it will be useful in presenting a general picture of the incidence of succession duties in Canada under conditions existing at present.

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 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 in the case of 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, in cases where dependent children do not benefit, the widow's exemption is increased by \$5,000 for each child who does not benefit. In the case of 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.