

March 21

Frost Outlines Reform Of Succession Duty Act

Sweeping changes to the Ontario Succession Duty Act, to clarify sections causing confusion in the courts and to correct inequities which have developed in recent years, were predicted in the Budget address of Provincial Treasurer Leslie Frost yesterday in the Legislature.

Appeal to the courts to determine the true value of securities, in place of the present non-reviewable authority held by the Provincial Treasurer to determine such values, and clarification of the duty imposts in cases where testators provide in their wills for payment of duty out of the estate and leave special so-called tax-free bequests, are two of the most important changes.

Confusion Grows

Following a recent judgment, conditions became even more confused and litigation multiplied on the special bequest phase of the act. Litigation centred around the situation caused when a tax-free bequest was provided in a will, causing dispute as to what then became the true taxable total of the estate; the residue or the total including bequest? The amendments will provide that no bequest can affect the impost to alter it from what it would have been without the bequest.

Another important provision is for removal of double and triple taxation "evils," as Mr. Frost described them. The purpose is to eliminate payment of taxation twice or three times on the same property because of payment in some jurisdiction outside Ontario. Agreements with Quebec and Nova Scotia are already in force and the amendment would permit further agreements by which Ontario would make allowance for duty paid in the jurisdictions with which agreement is made. Great Britain, Mr. Frost said, would probably be the most important jurisdiction to be affected by the change.

Life insurance is to be exempted where the insured dies domiciled outside Ontario, the amendment being designed to remove a discrimination against life insurance companies whose head office is in Ontario and to bring the Ontario law

into line with laws of other Provinces.

Another change would reduce to five years the period for succession duty taxes on gifts. At present the period is 20 years prior to certain members of the family and 30 years in other cases. This was held to be illogical and out of line with laws of other Provinces.