

whether as legatees, devisees, or otherwise. The rate of duty will depend upon the relationship between the successor and the deceased. Up to a very large amount, a widow, child or grandchild, pays no succession duty. Up to a large amount a man who succeeds to his wife's property pays 2 per cent., and after that amount is reached the rate is increased. Other relatives not more remote than a cousin pay 5 per cent., more remote relatives and strangers in blood pay 10 per cent. No succession duty is payable on any property left in trust for any charitable, educational, religious, or other public purpose in New Zealand. Although estates under £1,000 are exempt from estate duty, they pay succession duty in the same manner as larger estates. Thus, if a deceased leaves his whole estate worth £500 to a stranger in blood, this succession duty will be 10 per cent., but if he leaves it to his widow or children it will pay neither an estate nor succession duty. If, however, a man leaves an estate worth £100,000 to his widow and children, it will pay an estate duty at 8 per cent., but no succession duty, except in respect to that portion of the estate which exceeds £40,000. If, however, he leaves his estate to a remote relative or to a stranger in blood, it will pay an estate duty at 8 per cent. and succession duty graduated upon the total amount left to him.

As regards gifts, duty will be imposed upon all gifts made by any person in his lifetime with the exception of gifts less than £500 in value and of gifts to any charitable use. The rate of duty will be 5 per cent. of the value of the gift. It is necessary that I should explain the difference between the proposed gift duty and the existing gift duty in New Zealand to-day. The new duty will differ from the existing duty in two chief respects. First, the new duty will be imposed on all gifts, whether made by an instrument in writing or not. Under the existing law gift duty is merely a stamp duty imposed upon the instrument of gift, if there be such an instrument. Consequently, gifts of money and other gifts, however great in value, now escape duty altogether. Recent illustrations have shown how the existing law may be employed to effect successful evasions of death duties in some of the largest estates. Second, the existing gift duty is levied at the same rate as the existing death duty, and therefore depends partly on the aggregate value of the donor's estate and partly on the relationship between him and the beneficiaries, instead of depending solely on the amount of the gift. The existing law, if rigorously enforced, would in many cases require the donor to show the Commissioner what property he possessed, and might involve inquisitorial investigations into a man's business and property. The proposed scheme will obviate all this. The general aim of this new law will be to relieve the burden now imposed by our death duty upon the smaller estates, especially where they go to the children and grandchildren, and to increase the burden upon the very large estates which in many cases now escape taxation either wholly or in part. Another principle which has been followed is that of inducing testators to distribute their wealth rather than concentrate it upon one or a few persons, by imposing increased rate of duty where the amount left to any one person exceeds a stated sum. As I have said, the new legislation is aimed at introducing a more logical and fairer system into our law, while increasing upon shoulders fully able to bear it an increased contribution (in the shape of death duties) to the exchequer. It is estimated that the amount of death duty collected on the total deceased estates, taken over a period of the last fifteen years, has been only a little over  $3\frac{1}{2}$  per cent., while on estates of £100,000 and upwards the average, if you include estates given to widows, is barely 5 per cent. These figures illustrate how inadequate the present death duties imposed in New Zealand are. They are much lower than in England at present, and substantially less than the rate prevailing in several other English-speaking and European countries. It is universally acknowledged that taxation in the form of death duties, so long as it imposes no hardship whatever upon the deceased's dependants, is the most justifiable of all forms of taxation. In effect it but takes from a man or woman inheriting wealth some portion of that wealth which the beneficiary has not earned, and which in many cases of intestacy the deceased never contemplated his obtaining.