

Awkward Spots, Loopholes Seen Tied Up In Budget

OTTAWA (CP)—A handful of loopholes and awkward spots in federal tax laws were tied up in Monday night's budget, including one which allowed older people to create a sizeable estate free of death tax.

They were among a variety of changes not specifically mentioned in Finance Minister Gordon's budget speech, but contained in tax-change resolutions that will come up for legislative action in the Commons later in the session.

One change in the Estate Tax Act is designed to rule out a complicated device being used by some people to reduce their estate tax. Officials described the problem this way:

A person who normally could not get a life insurance policy because of age or sickness makes a deal with a life insurance company to buy an annuity on condition he is given an insurance policy. The company agrees, expecting he'll not live long and won't collect much of the annuity. When the man dies, his life insurance

proceeds are not part of his estate for tax purposes.

One official said substantial amounts of money have escaped tax by this device.

Under the tax change, effective from Tuesday on insurance policies sold conditional on annuity purchases, the taxable estate after death will include either the amount paid for the annuity less annuity receipts before death, or the amount of life insurance payable, whichever amount is the lesser.

Another estate tax change will permit \$2,500 instead of the present limit of \$1,500, to be paid from the joint bank account of a deceased person without the need for a clearance from the revenue department. This is an easing of the rules whereby the department controls the disposal of an estate until the death tax is provided for.

An income tax change would levy tax, starting this year, on any amounts received by an employer from the winding up or reorganization of a pension fund.

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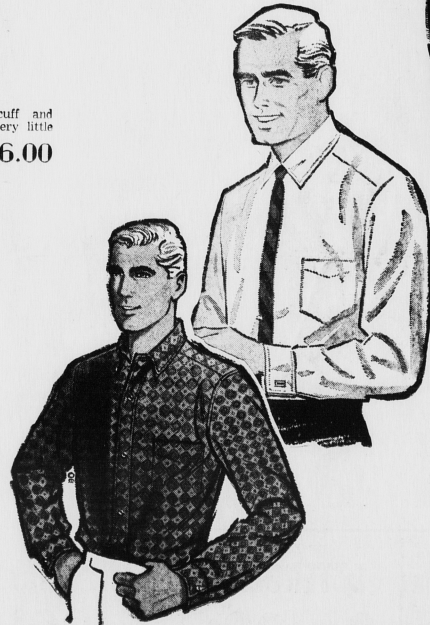


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Draft Contracts Agreed On Covering Centennial Projects

OTTAWA (CP)—A federal-provincial meeting of ministers planning the 1967 centennial have agreed on a draft contract covering centennial projects in eight provincial capitals.

The federal government will contribute \$2,500,000 to each of the projects. Similar amounts will be added by the provincial treasurers.

Maurice Lamontagne, secretary of state and the minister in charge of centennial planning at the federal level, said he expects the agreements will be signed in the next two weeks.

The next meeting of the ministers will be held in conjunction with the third semi-annual national conference on the centennial in Charlottetown in late April or early May.

The \$2,500,000 grants for the eight provinces match the federal contributions earmarked earlier for performing arts centres in Charlottetown and Quebec City, which are marking the 100th anniversary this year of the pre-Confederation conferences in these provincial capitals.

The other projects now being planned are an arts centre in St. John's, a medical-science building in Halifax, a government office building in Fredericton which will permit use of the old legislature as an archives building, an arts centre in Winnipeg, the same in Regina and Saskatoon, and archives buildings in Edmonton and Victoria.

Ontario's use of its \$2,500,000 grant has not been decided.

Veterans Oppose Hospital Turnover

TORONTO (CP)—Veterans' spokesmen said here they will strongly oppose any attempt to turn Canadian veterans' hospitals over to civilian control.

Veterans Affairs Minister Tetlet, announced in Ottawa Monday that the government wants to turn its 14 veterans' hospitals over to civilian administration, although maintaining certain guarantees for the veterans.

Major Patrick Biggs, secretary of the Canadian Legion, said "It definitely should not. Give them an inch and they'll want it all."

Leonard Lay, general secretary of the Fairbanks unit of the Army, Navy and Air Force Veterans Association here, commented: "We do not object to civilians using the vacant facilities in hospitals, but we think they should remain under veterans' administration."

Algoza Steel Operates At Near Capacity

SABLET STE. MARIE, Ont. (CP)—Algoza Steel Corp. Ltd. operated at near capacity in 1963 for the first time since its expansion program was started 12 years ago, the annual report says.

A strong and well-balanced demand for Canadian steel gave the corporation its third consecutive year of record production and shipments, says the report, signed by President D. S. Holbrook.

"Unless there should be an unexpected drop in the general level of business in Canada in the near future, it seems likely the upward trend in per capita steel consumption and demand for steel products will remain high through mid 1964."

The report said the corporation will spend \$40,000,000 on further expansion and improvements this year, raising Algoza's investment in modernization since 1951 to \$314,000,000. Slightly more than half the anticipated spending this year will go into completion of a new wide cold-strip mill now under construction.

Algoza Steel Operates At Near Capacity

\$54,349 WIN NOT CLAIMED

WESTBURY, N.Y. (AP)—A cheque for \$54,349 has been mailed by Revereuel Raceway paying off one of three mystery winners at the harness racing track.

The cheque was mailed to an unidentified purchaser of Saturday night's winning team double ticket. Two other winners have yet to claim the remainder of the money, totaling \$108,698. The holders have until March 31 of next year to redeem their tickets.

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