

10th Day.]

DOUBLE ESTATE DUTIES.

[16 June, 1911.]

Mr. LLOYD GEORGE: Yes, you have it. It is a purely South African question, except as to Queensland. But I understand it is a very serious matter for the British Exchequer. If this were conceded in the form in which it is asked for it would ultimately cost us $2\frac{1}{4}$ million pounds a year. That is a very serious loss to our revenue, which we could not possibly face.

Mr. MALAN: Surely not as regards South Africa alone.

General BOTHA: Impossible.

Mr. LLOYD GEORGE: Yes, I am told it would be ultimately $2\frac{1}{4}$ millions. That is the information I get from the Death Duty Office. I cannot pretend that I have gone into the way in which the figures have been made up. As the Prime Minister points out, it does not follow that South Africa would gain that, but we would lose it. The section of the Finance Act of 1894, referred to by General Botha, which deals with this matter, is already applicable to 35 Colonies in all, and the arrangements are considered satisfactory by all those Colonies; but for some reason or other, it does not work well in South Africa. I am not quite clear what the reason is, but General Botha wants to establish the principle that no death duty should be charged in respect of shares in a company except in the country where it is registered. That would be a very serious thing to us, because we have so much money invested in the South African mines by residents in the United Kingdom. The shares are transferable here, and if we were to abandon the claim which we now make in respect of death duties in those cases, as I am informed by the Death Duty Office, it would involve a loss of $2\frac{1}{4}$ millions a year. Our test is the test of transfer—whether the shares can be transferred in this country. That is accepted in all the other Dominions—in Canada, New Zealand, and Australia—as a mutual arrangement between them and the Mother Country, and it works well. I regret that it does not work equally well in South Africa. It is too serious a thing for me to contemplate the loss of a revenue of $2\frac{1}{4}$ millions in respect of residents in the United Kingdom.

Mr. MALAN: As regards the majority of these South African companies, they have really got a double registration office. They are incorporated with us and are under our law. They fall under our legislation, and they have got a local register where the shares are transferred, but they have also a register in London—they want to have, perhaps, the advantage of the London Stock Exchange and so on.

Mr. LLOYD GEORGE: I do not think it is “perhaps” at all, they really want the advantage of our market, and then we say if they want the advantage of our market it is fair that we should be able to claim taxation in respect of that advantage. It is an undoubted advantage and an enormous advantage to them, and an advantage which it is well worth their while paying double death duties for.

Mr. MALAN: But you may find that the result of continuing the present system will be that people will transfer their register just across the Channel.

Mr. LLOYD GEORGE: I do not think you need apprehend that, because they cannot afford to lose our market. As long as we have the cash here, you may depend upon it the South African companies will have their offices here, because it is a very valuable market for them. There is no other market for them which is comparable with it except France. Mr. Soward, of the Death Duty Office, tells me we have 240,000,000*l.* invested in South African companies in this country. To forego death duties in respect of that would be an enormous loss to us, and it is quite obvious that the $2\frac{1}{4}$ millions is a very fair statement upon that basis alone. Some of them run to very big figures; they are millionaires.

Mr. MALAN: Perhaps we had better leave it as it is and hope that the people will remain resident out in South Africa.

Mr. LLOYD GEORGE: I think this market is well worth their while paying this little fee for.