

1    Q.    Re IC-122 NLH – Assume an individual shareholder with an annual  
2           taxable income from other sources of \$100,000 receiving a return of 50%  
3           dividends/50% capital gains and provide the answer to IC-122 NLH in  
4           each case, assuming that capital gains are crystallized on the last day of  
5           the year in which the return is received.

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8    A.    The average after tax return is 8.4%. This after tax return is presented based  
9           on the average tax rates of the 10 provinces. The average dividend tax rate  
10          used was 30.58%. (For Ontario, Newfoundland, and Nova Scotia, the lowest  
11          marginal tax rate applicable during tax year 2002 to a taxpayer with other  
12          income in excess of \$100,000 was used). The average capital gains tax rate  
13          was 22.91%.