

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 75%
3 dividends/25% 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 8.2%. 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%.