

Schedule showing effect of "White Paper" proposals on a ranching operation conducted by a Limited Company owned equally by two shareholders based on the assumptions set out below.

	Year One		Year Two		Year Three		Year Four		Year Five		Year Six		Approximate tax cost of liquidating company ignoring Capital Gains Tax	Total	
	Present Act	White Paper	Present Act	White Paper	Present Act	White Paper	Present Act	White Paper	Present Act	White Paper	Present Act	White Paper		Present Act	White Paper
Corporation Profit before Salaries and bonuses to shareholders.....	20,000	20,000	24,000	24,000	19,000	19,000	24,000	24,000	29,000	29,000	27,000	27,000		143,000	143,000
Deduct															
Shareholders Salaries—															
Shareholder "A".....	5,000		7,000		7,000		7,000		7,000		7,000			33,000	
Shareholder "B".....	5,000		7,000		7,000		7,000		7,000		7,000		7,000	40,000	
Corporation Profit on Electing Partnership Option—															
Shareholder "A".....		10,000		12,000		9,500		12,000		14,500		10,000			68,000
Shareholder "B".....		10,000		12,000		9,500		12,000		14,500		17,000			75,000
Total Deductions.....	10,000	20,000	14,000	24,000	14,000	19,000	14,000	24,000	14,000	29,000	7,000	27,000		73,000	143,000
Taxable Income of Corporation.....	10,000	Nil	10,000	Nil	5,000	Nil	10,000	Nil	15,000	Nil	20,000	Nil		70,000	Nil
Taxable Income of Shareholder "A" after deducting personal exemptions etc. (totalling \$2,100 under present system and \$3,050 under White Paper).....	2,900	6,950	4,900	8,950	4,900	6,450	4,900	8,950	4,900	11,450		8,500		22,500	51,250
Taxable Income of Shareholder "B" after deducting personal exemptions etc. (Totalling \$2,100 under present system and \$3,050 under White Paper).....	2,900	6,950	4,900	8,950	4,900	6,450	4,900	8,950	4,900	11,450	4,950	13,950		27,400	56,700
Income Taxes Payable															
Corporation 21.54%.....	2,154	Nil	2,154	Nil	1,077	Nil	2,154	Nil	3,231	Nil	4,308	Nil	4,119	Nil	15,078
Shareholder "A".....	564	1,980	1,102	2,696	1,102	1,814	1,102	2,696	1,102	3,629	—	2,534	721	Nil	4,972
Shareholder "B".....	564	1,980	1,102	2,696	1,102	1,814	1,102	2,696	1,102	3,629	1,102	4,625	360	Nil	6,074
Total Income Taxes.....	3,282	3,960	4,358	5,392	3,281	3,628	4,358	5,392	5,435	7,258	5,410	7,159	5,200		26,124
Amount of Increase under White Paper System. Earnings retained by Corp. under Present System.....		678		1,034		347		1,034		1,823		1,749	5,200		6,665
Retained earnings at end of year.....	7,846		7,846		3,923		7,846		11,769		15,692		1,465		
Cash to shareholders for living expenses.....	7,846		15,692		19,615		17,461		39,230		54,922		6,665		
Cash to shareholders for living expenses.....	8,872	8,194	11,796	10,762	11,796	11,449	11,796	10,762	11,796	9,973	5,898	4,149		61,954	55,289