

Excluded Shares

- Dividends paid on excluded shares are not subject to Tax On Separate Income
- This is the best way to remove concerns with respect to TOSI where a spouse or children over the age of 25 do not have significant involvement in the following areas:
 - o Work performed
 - o Property contributed
 - o Risks assumed
- Excluded Shares
 - o Are not shares of a professional or service corporation
 - Also cannot be a company that obtains greater than 10% of its income from a professional or service corporation
 - o Shares owned by an individual over the age of 25 where the share ownership constitutes at least 10% of votes and value
 - o We currently have some uncertainty with respect to holding companies and investment companies
 - Is the 10% of income rule applicable to all holding companies?
 - Excluded share definition refers to business income. Is investment income of an investment company included in this?