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## Exporter Tax Savings NewsLetter

### Tax Planning

2007

IC-DISC >Interest Charge Domestic International Sales Corporation

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### IC-DISC Formation Planning 2007

**The most advantageous Tax Benefit “ever” available to Exporters, is still available, but only to non-public Companies! It’s January 2007, and the only feature the DISC does not have, is Retroactivity.**

**So form it or lose it!**

**Caution, in filing 2006 returns for Exporters. Since the DISC benefit is only at the DISC Shareholder Level and some DISCs were formed before knowing if the phased out ETI benefit for 2006 might be greater, it may be too late for the ETI option to be still available.**

**ETI Qualification Rule: Exporters who are members of a controlled group by Reason of having common Shareholders with a DISC, may not file form 8873 for an ETI deduction if at any time during the Tax Year the Exporter is a member of a controlled group of corporations (as defined in Section 927(d)(4)-before repeal. It doesn’t matter if the DISC is not used in that year, what matters is the common ownership in the same year. This mainly effects mid-year DISC formations or even Exporters with a fiscal year, because DISCs are almost always on a calendar year. DISCs formed during December of 2006, who have not filed DISC election form 4876A could still avoid the problem by filing the election effective 1/1/2007, and filing a short year, no activity, regular 1120 return.**

We have also distributed to all of our clients a two page study entitled:

#### **Basic Tax Compliance Rules for an IC-DISC.**

#### **Items of Interest to DISC Tax Advisors.**

The study covers compliance type items, not normally covered in our newsletters.

**We would be pleased to send a copy, if you simply send reply!**

Our WEB site is at <http://www.ExportSubsidy.com>

Please visit our site for additional information, including  
Email and Print application forms.

**Exporters - US Tax Savings-Our Only Business !**

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