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Exporter Tax Savings NewsLetter

Tax Planning

2006

IC-DISC >Interest Charge Domestic International Sales Corporation

IC-DISCs: Enjoying Congressional Credibility!

After three years of Advertising in National Publications regarding the availability of an advantageous Tax Structure for Exporters, we finally hit on a new approach that appears to be more valuable than the Internet, Congressional Hearings. The 109th Congress reviewed the Tax Act of 2003 and came up with a proposal to eliminate a Tax Benefit for Exporters that Congress had never intended, or at least, had not received full credit for enacting. In any event, after explaining in full detail the Dividend benefit available to non Public Exporters, Congress adjourned at Midnight on Friday 12/9/06, without taking any further action on the proposal, preferring instead to focus on Tax Extenders and their old favorite R& D Credit.

This is not to suggest that future legislation is not possible, but is to suggest two viewpoints;

- 1) The benefit is going to a group of taxpayers most responsible for helping in the Balance of Trade problem.
- 2) The major theme in comments written to Congress about the Proposed Law change concerned the disbelief by Exporters, that their own legislators would revoke the only Export Tax Benefit the WTO never complained about!

IC-DISC Planning Suggestion for 2006:

Discuss with your tax advisors the advisability of paying additional DISC Commissions in 2006 rather than deferring until 2007 as normally suggested. The reason being that we now know what law is, for 2006, but we don't really know what will happen in 2007. In essence, the time value the of money savings, attributable to the deferral, is simply not worth the possibility of losing the whole benefit, should another retroactive Law be attempted in 2007. Food for thought.

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