

March , 2006

Robert J. Thornton, CPA Export Subsidy Services, Ltd.

Formed **Export Subsidy Services, Ltd.**, after the passage of the Tax Act of 2003, to take advantage of the reduction in the Dividend Tax rate for individuals. This change in the Law was of particular advantage to entities formed as **IC-DISCs**, because the Tax Regulations under Section 995 contained unusual wording by stating,

Any amount includable in a shareholder's gross income as a dividend with respect to the stock of a DISC.....pursuant to paragraph (b) of this section shall be treated as a dividend for **“all purposes of the Code”**, .

This simple phrase opened up a whole new program for Privately Owned Exporters, who lost FSC benefits with the repeal of the FSC law in 2000, **because IC-DISC distributions are required to be treated as dividends, which qualifies for the new individual 15% tax rate.**

Previously formed and managed **Export FSC International, Ltd.** The company grew to become the largest of its kind in offering only FSC Management Services to over 500 Exporters, until the law was finally repealed in 2001. In 1984 he authored **"FSC Compliance-Considerations for Management"**, one of the original FSC explanatory booklets issued before the FSC law became effective on 1/1/85.

Mr. Thornton, a Villanova University graduate, withdrew as a Tax Partner from Arthur Young & Co. (now Ernst & Young), after serving several years as the Director of Tax for the Boston office, to form Export FSC International, Ltd.

Business References:

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