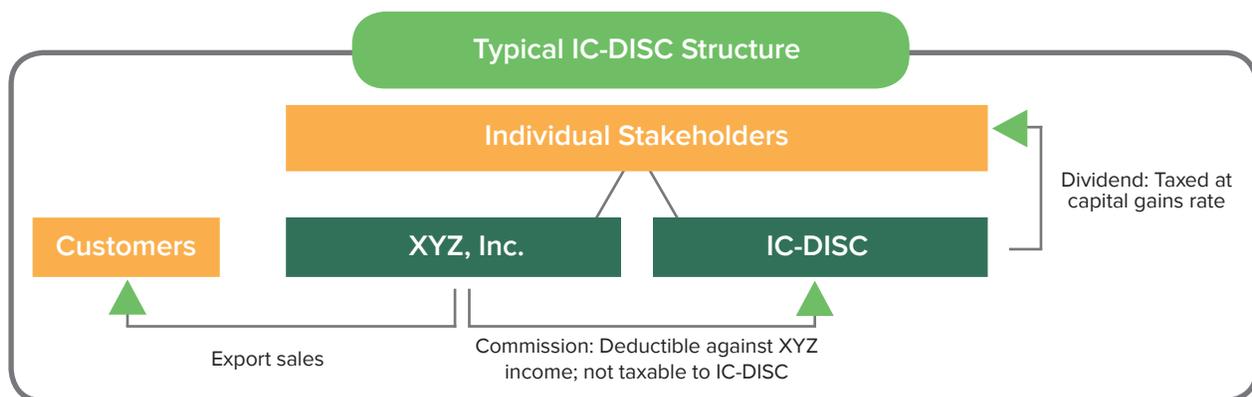




IC-DISC Export Incentives

Weaver offers Interest Charge Domestic International Sales Corporation (IC-DISC) services to clients who export products from the U.S. These services range from an initial assessment of the potential tax savings, through the development and implementation of a comprehensive strategy to maximize benefits, to annual optimization and compliance.

An IC-DISC may either receive a commission on qualifying export sales, or may act as a buy-sell exporter. Certain services may also be included as qualifying exports. But for all of your qualifying exports, as long as certain guidelines are adhered to, the IC-DISC is not taxable on its income, but must distribute its income as a dividend which is taxable to the shareholder. The benefit is the rate differential between the deduction to the exporting corporation for the commission paid and the dividend to the IC-DISC's owner(s).



The rules within which an IC-DISC is created and operates are tight and require careful consideration in both setup and operation. Failure to adhere to the rules does not simply reduce benefits, but turns them off altogether, so it does require regular monitoring. Yet with the right facts, the benefits far outweigh the costs.

The IC-DISC may also be used for:

- ▶ Foreign owners of qualifying U.S. export operations; especially beneficial where a treaty limits the withholding on the dividend to less than the statutory 30 percent.
- ▶ Deferring tax on the commission/profit related to up to \$10 million gross exports per year with only the payment of a small interest charge; complicated to keep IC-DISC qualified due to the retention of commission income, but can provide a cash-flow benefit to even corporate owners.

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