

ADVERTISEMENT Services can be performed by other attorneys

# LEGAL FORUM

This advertising service is intended for information purposes only. Schedule an appointment to discuss your individual needs. Forward questions to be answered in future columns to our legal professional's e-mail addresses.



**ROSS D. COHEN**  
ATTORNEY

(502) 587-3579  
3500 National City Tower  
101 South Fifth Street  
Louisville, KY 40202  
rcohen@bgdlegal.com

**BINGHAM  
GREENEBAUM BGD  
DOLL LLP**

## TOPIC

### **Exporters: Reduced rates under Taxpayer Relief Act offer permanent tax breaks**

## ADVICE

For years, certain exporters have benefitted from the Interest Charge Domestic International Sales Corporation (IC-DISC) structure, which offers tax savings due to the reduced tax rate on qualified dividends. Those reduced rates were in danger of being eliminated by the fiscal cliff through the scheduled increase in dividend rates to match ordinary income rates. This meant many exporters who had implemented an IC-DISC were in danger of losing the tax benefits. The fiscal cliff uncertainty also caused many companies to delay setting up new IC-DISCs.

Thanks to the American Taxpayer Relief Act of 2012, signed into law at the start of the year, the preferential tax rate on qualified dividends was permanently extended, thereby ensuring the benefits of the IC-DISC structure for years to come. For 2013, qualified dividends are taxed at 15 or 20 percent, depending on filing status and income.

The end result is that the IC-DISC structure will continue to offer a significant potential tax benefit for small- and medium-sized exporters.