IC-DISC

Export Tax Incentives

An Interest Charge-Domestic International Sales Corporation "IC-DISC" incentivizes the export of U.S. manufactured products through federal tax savings. Through an export sales commission, income is transferred from the exporter to the tax exempt IC-DISC. The transfer of income to the IC-DISC creates a permanent tax rate arbitrage on the export sales commission of 15 to 18 percent.

Companies based in the U.S. that regularly export products, can realize substantial tax savings by forming an IC-DISC. McGuire Sponsel minimizes the filing and maintenance burdens for our clients while maximizing commissions and tax savings.

mcguire sponsel

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Illustration of IC-DISC Impact

A company manufactures and exports $1 million worth of product.
Through our analysis, we calculated a commission of $250,000:

Tax Scenario with no IC-DISC

Schedule K-1 (Form 1120S)
Box 1 Ordinary Income = $500,000
Marginal Tax Rate = 39.6%

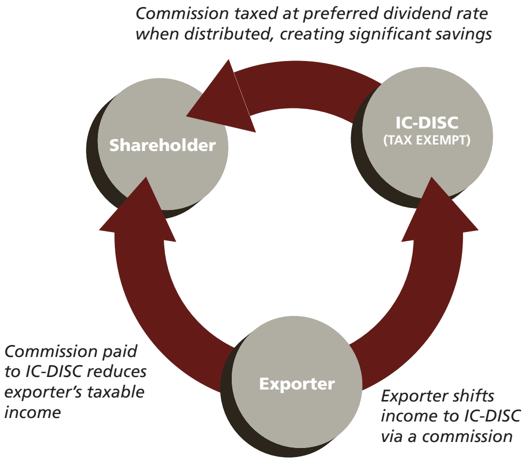
Total Tax Owed = $198,000

Tax Scenario with IC-DISC

Schedule K-1 (Form 1120S)
Box 1 Ordinary Income = $250,000
Marginal Tax Rate at 39.6% = $99,000
Box 5b Qualified Dividend = $250,000
Capital Gains Rate at 23.8% = $59,500

Total Tax Owed = $158,500

The Process



Industries Benefiting

- Manufacturers
- Software Developers
- Engineering/Architectural Services
- Distributors
- Food Processors