

Export Subsidy Services, Ltd.

A Program designed for Closely Held Large and Smaller Exporters, Using IC-DISCs, owned by non C- Corporate Shareholders.

The Program

The essence of a "Structured IC-DISC" is to maximize the pass through features of IC-DISCs, that were greatly enhanced by the 2003 Tax Act. While the better known, but controversial concepts, such as FSCs and ETI, were repealed in 2004, the IC-DISC has quietly risen in prominence to become even more valuable to Closely Held Exporters than the repealed and phased out concepts.

Whether by design or chance, Closely Held Exporters are now in a position to enjoy benefits not otherwise available to Publicly Held Exporters.

The benefit is based on the structure of the IC-DISC Shareholders, not the Exporter. Shareholders may be structured in any way "other" than as a C corporation, so that IC-DISC Dividends will be taxed at the personal tax level.

Basic Comparison Between Structures: w/IC-D & w/o IC-D

A) Non-C- Exporters: Non C- Shareholders of the IC-D. (Exporter 35% / Shareholder 15%)

				U.S. Tax	
				w/ IC-D w/o ETI	w/o-IC-D w/ETI
Example:	\$ 100,000	Qualified	Export Trade Profit.		
	2004	85%	Taxable ETI*	25,000	29,750
	2005	88%		25,000	30,800
	2006	91%		25,000	31,850
	2007	100%		25,000	35,000

B) C- Corporate Exporters: Non C- Shareholders of the IC-D. (Exporter 39% / Shareholder 15%)

				U.S. Tax	
				w/ IC-D w/o ETI	w/o IC-D w/ETI
Example:	\$ 100,000	Qualified	Export Trade Profit.		
	2004	85%	Taxable ETI*	27,000	33,150
	2005	88%		27,000	34,320
	2006	91%		27,000	35,490
	2007	100%		27,000	39,000

* May not use IC-D & ETI in same year.

An IC-DISC, as originally enacted, was meant to defer taxes at an interest rate of about 5%, not to save taxes. Hence, we now have a 1972 concept, as revised in 1984, available as a viable concept. Since, the concept does not involve tax deferral, the \$10 Million sales **limit does not** apply.

The bottom line is that IC-DISCs, now represent the most advantageous Structure ever available for Closely Held Exporters, regardless of FSC or ETI!

Web: www.exportsubsidy.com

The Export Subsidy Company