

CHORTEK & GOTTSCHALK, LLP

IC-DISC – Example of Tax Savings

NO IC-DISC

Assume Export net income of	\$ 500,000
	No IC-DISC
Exporter Profit	500,000
Tax Rate	35.00%
Tax	175,000
After Tax Profit	\$ 325,000

WITH IC-DISC

	<u>IC - DISC</u>	<u>Exporter</u>
Exporter Profit	500,000	500,000
IC-DISC Commission - 50%	250,000	(250,000)
Taxable Income	Exempt	250,000
Shareholder Dividend	250,000	
Tax Rate	15.00%	35.00%
Tax	37,500	87,500
After Tax Profit	\$ 212,500	\$ 162,500

SAVINGS

After Tax Profit With IC-DISC	375,000
After Tax Profit - No IC-DISC	325,000
IC-DISC Benefit	\$ 50,000 ,or 20% savings on the commissions paid