

# Interest-Charge Domestic International Sales Corporation (IC-DISC)



If your business involves the manufacturing of U.S. goods for export, foreign architectural, engineering, or managerial services, you may be entitled to tax savings with an IC-DISC. Before forming an IC-DISC, there are many considerations that must be addressed and reviewed. Below is a brief overview of the benefits of an IC-DISC and how it works.

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## IC-DISC Benefits

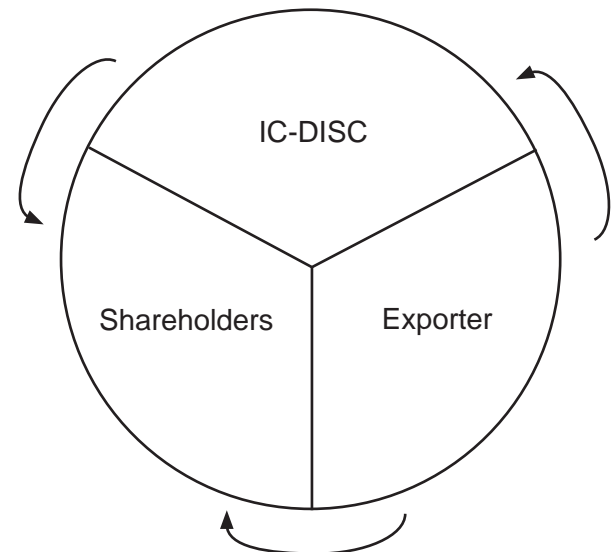
- Permanent tax savings on export sales
- Increased cash flow liquidity for shareholders or business

## How Does IC-DISC Work?

- Owner-managed exporting company creates a tax favored IC-DISC
- Exporting company pays the IC-DISC a commission equal to the greater of 50% of profit on export sales or 4% of gross foreign export sales
- Exporting company deducts the commission from ordinary income taxed up to 35%
- IC-DISC is not taxed on commission income
- Shareholders pay tax on dividends at preferential 15% federal rate
- Can result in 20% tax savings on commission amount

Dividend income  
at 15%

Commission  
deducted



Tax reduction at 35%



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