



IF YOU EXPORT computer software, manufactured goods, entertainment products (films, tapes and records), engineering or architectural services from the U.S., **you can pay up to 20% less taxes.** This is the export tax benefit.

The export tax benefit works like this. The shareholders of a U.S. company (US-Co) that exports certain goods or services are allowed to set-up a domestic international sales corporation (DISC-Co). Section 991 of the Internal Revenue Code says that a DISC-Co "shall not be subject to the taxes imposed by this [Subtitle A]." In plain English, this means that the *DISC-Co does not pay corporate income tax*.

20% Tax Saving

To reap the benefit of DISC-Co's income tax-free status, US-Co makes all of its export sales through DISC-Co. To compensate DISC-Co for this service, US-Co pays DISC-Co a commission. DISC-Co's commission is either 4% of the export sales or 50% of the taxable income from all exports, whichever is higher. US-Co does not pay income tax on the commission and DISC-Co does not pay income tax on the commission. This ability to avoid paying tax on DISC-Co's commission is the export tax benefit.

Of course, the commission isn't all tax-free. When DISC-Co sends the commission to its shareholder in the form of a dividend, the shareholder has to pay capital gains tax. So if you're the shareholder, you benefit from the difference between the 35% corporate tax rate and the 15% capital gains rate, currently a 20% savings.

Profit From the Export Tax Benefit

Successful U.S. exporters profit from the export tax benefit. We recommend that you join them by setting-up your own DISC-Co. To profit from the export tax benefit, your DISC-Co must be set-up so

that it "meets certain conditions regarding its organization and international sales." That's where we can help. We will create and file all of the paperwork necessary to set-up your DISC-Co and get the export tax benefit. You can focus on making profits. We will cut through the red-tape so you lose less. We will set-up your DISC-Co in 3 days or less.

How You May Qualify

To qualify for an export tax benefit up to 20%, your company *must* export one or more of the goods listed in the first paragraph. If you think you qualify but aren't sure, call us to check. The exported goods must be produced in the U.S. and must be sold, leased or rented outside of the U.S. The exported goods must also have a minimum of 50% U.S. content. Because it doesn't make sense to set-up a DISC-Co unless you qualify, call us to find out if it makes sense.

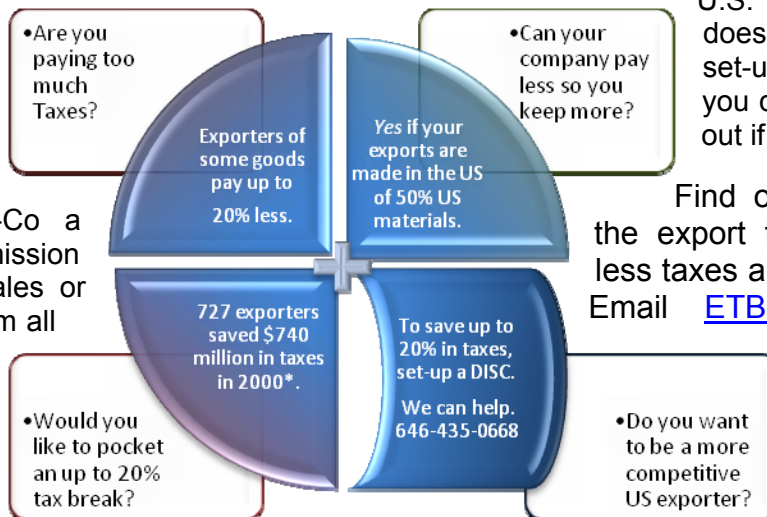
Find out if you can use the export tax benefit to pay less taxes and increase profits.

Email ETB@shajlaw.com to receive a free report about the export tax benefit. The report will help you to learn

how the export tax benefit can profit you. Or call (646) 435-0668 and ask about the export tax benefit.

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