Ruboyianes

THE RUBOYIANES COMPANY PLLC

Uncle Sam Helping Millions Just Like You Save on Taxable Income...Thought I Would Just Pass This On!

Highlights of the Jobs and Growth Tax Reconciliation Act of 2003

The new tax bill has many new tax cuts and savings designed to put more money into the pockets of more Americans and get the economy going. The highlights of the tax bill will be covered over the next few tax tips.

An important component of the 2003 Jobs and Growth Act, particularly if you are an investor, is a reduction in the taxes on dividends and capital gains. As of May 5, 2003 and all the way up until January 1, 2009 the capital gain rates are reduced. The 10% capital gain rate is reduced to 5% and the 20% capital gain rate is reduced to 15% and these tax cuts apply to both regular tax and AMT.

The new tax bill also has a large effect on dividend income. Under the previous tax rates, dividends were treated as ordinary income, which carried a tax rate as high as 38.6%. Under the new bill however, dividends are treated as capital gains and are subject to the 5% and 15% tax rates that were discussed above. This new tax rate should be taken into consideration when choosing between investment options. C-Corp owners should also be mindful when taking money out of their company, as it would be much more beneficial to pay out dividends than to pay out a salary to yourself.

If you have concerns or thoughts about the new tax bill please feel free to give The Ruboyianes Company a call and we can discuss how some of the changes may affect you.