
SELECTED US TAX DEVELOPMENTS

Co-Editors: Sanford H. Goldberg* and Peter A. Glicklich**

US REDUCED RATES NOW APPLY TO DIVIDENDS OF NON-CORPORATE TAXPAYERS

*Peter A. Glicklich** and Abraham Leitner**

The Jobs and Growth Tax Relief Reconciliation Act of 2003 reduces the US federal income tax rate applicable to dividends of non-corporate taxpayers to 15 percent. This change has important ramifications for corporations and planners in the cross-border context.

KEYWORDS: DIVISIONS ■ RATES ■ REDUCTION ■ DEBT EQUITY

CONTENTS

Coordination with Foreign Tax Credit Rules	1738
Coordination with Investment Interest Limitations	1739
Other Limitations	1739
Short Sales	1740
Dividends from RICS and REITs	1741
Non-US Taxpayers	1741
Planning Issues and Opportunities	1741
Corporate Securities Issuances	1741
Leveraged Arbitrage	1742
S Corporation Issues	1742
Cross-Border Planning Issues and Opportunities	1743
Effective Date and Sunset Provision	1743
Conclusion	1743

* Of Roberts & Holland LLP, New York and Washington, DC.

** Of Davies Ward Phillips & Vineberg LLP, New York, Toronto, Montreal, Beijing, and Paris.