PARTNERSHIP NEWS

GREATER HOUSTON PARTNERSHIP

International Trade Council discusses the Trans Pacific Partnership and IC-DISC tax incentive program

The Partnership held its International Trade Council on October 27 in the Partnership board room. Horacio Licon, Vice President, International Investment & Trade for the Partnership, welcomed the Council speakers: Sergio Gómez Lora, Director General, IQOM and Dave Spray, Founder & CEO, Export Advisors, Inc.

Lora presented on the Trans Pacific Partnership, and the results following five years of trade negotiations. The four founding nations are Brunei, Chile, New Zealand and Singapore; who all are distant from relevant markets. The United States, Australia, Peru, Vietnam, Malaysia, Mexico, Canada and Japan have since joined.

The U.S. joined the TPP in 2008 and brought increased international attention. Forty percent of U.S. trade is under the TPP, with a main outlier being China. "While China is not a member, it is at the heart of the TPP strategy," according to Lora.

Ultimately, the goal of TPP and other international trade agreements is to "make doing business as easy as possible," said Lora. The final negotiations for the TPP conclude on November 5.

Spray presented on IC-DISC (Interest Charge Domestic International Sales Corporation) and how they can assist companies who export internationally. IC-DISC is an incentive program for exporters that has been part of the Internal Revenue Code since 1971. It is designed to reduce trade deficit and encourage U.S. exports. Less than one percent of U.S. companies qualify for IC-DISC. "Small, privately-held companies that do a lot of exporting are a good fit," said Spray.

Client benefits include export sales taxed at a more favorable dividend tax rate and permanent annual tax savings. These benefits can be applied to indirect exports.