



Think Again – U.S Software Companies Can Qualify for IC-DISC

Privately held *U.S. Software Companies* who sell software, directly or indirectly, physically or downloaded, to customers outside the U.S. should be taking advantage of a U.S. income tax export incentive known as the “IC-DISC”.

The Interest Charge-Domestic International Sales Corporation (IC-DISC) is a widely available IRS-approved export incentive that provides permanent tax savings to companies exporting goods made in the USA. The IC-DISC is not itself a taxable entity and is a powerful tax saving device, and certain criteria must be met in order to qualify for and maintain its IC-DISC status.

One common myth among *U.S. Software Companies* is they feel they do not qualify for this powerful income tax incentive, as there has been uncertainty around the taxation of software as it does not fit into traditional tax principles.

An intangible software sale differs from the sale of a physical product since the value of the software is often much greater than the value of the physical deliverable on which it is transferred. In addition, software products are often transferred electronically or down-loaded with no physical deliverable at all. This, however, does not prevent private *U.S. Software Companies* from using the IC-DISC.

Please consider Think, LLP to assist you in determining potential tax savings by having our specialists perform a no-cost preliminary analysis. Give us a call or email us with your questions. We look forward to hearing from you.

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