



AMERICANS
for TAX REFORM

Grover G. Norquist
President

Rangel Tax Hike Fact of the Day #5

Every day, Americans for Tax Reform will release a new fact about Charlie Rangel's trillion-dollar tax hike. All prior facts of the day can be found on www.atr.org. Today's fact is:

“The Rangel Tax Hike Would Secretly Raise the Dividends Tax Rate to 44.2%”

The Rangel tax hike bill is chock full of tax increases. Most of them are out there for the world to see. Some of them require more scrutiny.

One of these secret tax increases will wreck the stock market and destroy your pension. **Under the Rangel tax hike, the tax rate on “qualified” (corporate-source) dividends would rise from 15% today to 44.2% in 2011.** Rangel assumes that the rate will rise by 4.6 points immediately, and a staggering 24.6 points in 2011.

Why does Rangel want to nearly triple the qualified dividends tax? Certainly not to help the economy. **Since Republicans cut the dividends tax to 15% in 2003, companies have increased dividend payouts by over 90% .** Dividends are a great indicator of corporate financial health: you can't distribute cash you don't have.

By hiking the tax rate on qualified dividends, companies will have every incentive to retain after-tax corporate earnings, rather than distribute them to shareholders as dividends. Rangel's confiscatory rate of dividend taxation will put an end to the “shareholder America” we have seen since 2003, shrink pension plans, and leave older Americans out in the cold.

If you would like to schedule an interview with ATR President Grover Norquist or ATR Tax Policy Director Ryan Ellis to discuss the AMT, please contact John Kartch at 202-785-0266, or by email at jkartch@atr.org.

1920 L Street NW

Suite 200

Washington, DC

20036

T: (202) 785-0266

F: (202) 785-0261

www.atr.org