

	House Tax Plan with 70/30 Split (active owner)		Wage certification (active owner w/no additional deemed salary)
	Corporate	Pass-throughs	Pass-throughs
Net profits before owners compensation	\$10,000,000	\$10,000,000	\$10,000,000
Reasonable compensation	\$600,000	\$600,000	\$600,000
Tax on reasonable comp	\$169,465	\$169,465	\$169,465
Additional Deemed salary		\$6,400,000	\$0
Individual income tax rate ¹		33.00%	33.00%
Tax at individual rate		\$2,112,000	\$0
Deemed business income	\$9,400,000	\$3,000,000	\$9,400,000
Corp / Business Tax rate ¹	20.00%	25.00%	25.00%
Tax at business rate	\$1,880,000	\$750,000	\$2,350,000
\$ left pre-distribution	\$7,520,000	\$6,538,000	\$7,050,000
% of funds distributed to shareholders ²	2,256,000		
Dividends rate ¹	16.50%		
Dividends tax	\$372,240		
Total Tax paid	\$2,421,705	\$3,031,465	\$2,519,465
Blended rate differential	24.22%	30.31%	25.19%
Funds available for reinvestment	\$7,578,295	\$6,968,535	\$7,480,535
Additional tax compared to C corp.		\$609,760	\$97,760
Percentage point disadvantage		6.10%	0.98%

1. https://abetterway.speaker.gov/_assets/pdf/ABetterWay-Tax-PolicyPaper.pdf. Assumes married filing jointly and brackets.

2. S&P Dow Jones Indices shows that roughly half of public companies paid dividends in 2016, and that among S&P 500 companies (traditionally dividend-paying stock), the percentage of annual earnings paid as dividends over the last five years is approximately 30%.

<http://www.prnewswire.com/news-releases/sp-dow-jones-indices-reports-us-dividend-activity-for-q4-2016-and-full-year-2016-300388084.html>