

**Subject** Dividend received deduction – debt-financed stock

**Authors** Schultz

**Analyst** Christopher Kleman

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## Overview

H.F. 2530 would amend the state's dividend received deduction (DRD) to disallow the deduction for dividends received on debt-financed stock. Under the Internal Revenue Code, the federal DRD does not apply on stock if indebtedness is directly attributable to the purchase of stock. This bill would disallow the state DRD on stock dividends that are also disallowed under the federal DRD.

## Summary

Section	Description
1	<b>Dividends received from another corporation.</b> Adds dividends disallowed under section 246A of the IRC to the disallowed dividends under the state DRD.