



- Subject Dividend received deduction
- Authors Loeffler
- Analyst Christopher Kleman
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Overview

H.F. 2706 would reduce the dividend received deduction allowed to a corporation receiving a dividend from another corporation. For corporations owning 20 percent or more of the stock in the corporation paying the dividend, current law allows 80 percent of the dividends to be deducted. For corporations owning less than 20 percent, 70 percent of the dividends may be deducted. This bill would reduce the allowable deductions to 78 percent and 68 percent, respectively.

H.F. 2706 would also increase the amount of the remainder of the dividend that may be deducted when certain dividends are eliminated in consolidation, to conform to the proposed reduction.

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