

CORPORATION TAXES —

BY
STAFF, JOINT COMMITTEE
ON TAXATION



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DIVIDEND INCOME

EXPLANATION OF EFFECT OF CORPORATE AND INDIVIDUAL TAXATION

The object of the tables on dividend income is to trace amounts of earnings available in the hands of a corporation for distribution in dividends into the hands of the individual; to show the effect of corporate and individual taxation and the net amount received by the individual. This is important in the case of shareholders in small corporations, or individuals whose only source of income for maintenance is from such sources.

Comparison is made of amounts left to individuals under the rates of the House bill and under the corporation rates of the Treasury proposal (normal and surtax 55 percent plus 12 percent post-war credit).

In addition comparison is made with effective taxation in Canada and in Great Britain, both under the rates of the House bill and under the corporation rates as proposed by the Treasury.

It will be seen that the situation is more favorable both in Canada and in Great Britain on the lower brackets of dividend income than under the House bill, and very much more favorable in those two countries than under the Treasury proposals of 55 percent normal and surtax.

Comparison of corporate normal and surtax rates

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UNITED STATES		GREAT BRITAIN		CANADA	
	Rate, percent		Rate, percent		Rate, percent
Revenue Act of 1939-----	18	1938-----	25	1938: 2 percent additional for con-	
Revenue Act of 1940-----	20.9	To Apr. 1, 1939-----	35	solidated returns-----	15
Revenue Act of 1940-----	24	To September 1940 (not in effect)---	37.5	1939: 2 percent additional for con-	
Revenue Act of 1941:		To Apr. 7, 1941-----	42.5	solidated returns-----	18
Normal-----	24	No surtax.		1941: 2 percent additional for con-	
Surtax:		After Apr. 7, 1941-----	50	solidated returns-----	40
First \$25,000-----	6	No surtax.		Consists of 18 percent (20	
Balance-----	7			percent if consolidated returns)	
House bill (1942):				with 22 percent of normal tax	
Normal-----	24			net income as minimum excess-	
Surtax-----	21			profits tax. Corporations under	
Treasury proposal (1942):				1941 law paid the normal rate of	
Normal-----	24			18 percent of net income and	
Surtax-----	31			either an additional 22 percent	
				of net income, or 75 percent of	
				excess profits whichever was	
				greater.	
				1942-----	40
				Consists of 18 percent of net in-	
				come (20 percent in case of con-	
				solidated returns); additional tax	
				of 12 percent of net income; plus	
				10 percent of net income or 100	
				percent excess-profits tax, which-	
				ever is greater.	

TABLE 1

*Showing tax on*corporate net income under House bill of 45 percent and Treasury proposal of 55 percent with 12 percent post-war credit; and increase in net tax of the proposal over the House bill*

Corporate net income	Corporation tax		Post-war credit 12 percent	Net tax	Increase in net tax over House bill
	House bill 45 percent	Treasury 55 percent			
\$20,000-----	\$9,000	\$11,000	\$1,320	\$9,680	\$680
\$50,000-----	22,500	27,500	3,300	24,200	1,700
\$100,000-----	45,000	55,000	6,600	48,400	3,400
\$150,000-----	67,500	82,500	9,900	72,600	5,100
\$200,000-----	90,000	110,000	13,200	96,800	6,800
\$250,000-----	112,500	137,500	16,500	121,000	8,500
\$500,000-----	225,000	275,000	33,000	242,000	17,000
\$750,000-----	337,500	412,500	49,500	363,000	25,500
\$1,000,000-----	450,000	550,000	66,000	484,000	34,000
\$5,000,000-----	2,250,000	2,750,000	330,000	2,420,000	170,000
\$10,000,000-----	4,500,000	5,500,000	660,000	4,840,000	340,000
\$20,000,000-----	9,000,000	11,000,000	1,320,000	9,680,000	680,000
\$25,000,000-----	11,250,000	13,750,000	1,650,000	12,100,000	850,000
\$50,000,000-----	22,500,000	27,500,000	3,300,000	24,200,000	1,700,000
\$100,000,000-----	45,000,000	55,000,000	6,600,000	48,400,000	3,400,000
\$200,000,000-----	90,000,000	110,000,000	13,200,000	96,800,000	6,800,000

TABLE 2

Showing corporation tax on individual share under House bill of 45 percent and Treasury proposal of 55 percent with 12 percent post-war credit, and increase in net tax of the proposal over the House bill

Gross dividend before corpo- rate tax	Corporation tax		Post-war credit, 12 percent	Net tax	Increase in net tax over House bill
	House bill, 45 per- cent	Treasury, 55 per- cent			
\$800-----	\$360	\$440	\$52. 80	\$387. 20	\$27. 20
\$900-----	405	495	59. 40	435. 60	30. 60
\$1,000-----	450	550	66. 00	484. 00	34. 00
\$1,100-----	495	605	72. 60	532. 40	37. 40
\$1,200-----	540	660	79. 20	580. 80	40. 80
\$1,500-----	675	825	99. 00	726. 00	51. 00
\$1,600-----	720	880	105. 60	774. 40	54. 40
\$2,000-----	900	1, 100	132. 00	968. 00	68. 00
\$2,500-----	1, 125	1, 375	165. 00	1, 210. 00	85. 00
\$3,000-----	1, 350	1, 650	198. 00	1, 452. 00	102. 00
\$4,000-----	1, 800	2, 200	264. 00	1, 936. 00	136. 00
\$5,000-----	2, 250	2, 750	330. 00	2, 420. 00	170. 00
\$6,000-----	2, 700	3, 300	396. 00	2, 904. 00	204. 00
\$8,000-----	3, 600	4, 400	528. 00	3, 872. 00	272. 00
\$10,000-----	4, 500	5, 500	660. 00	4, 840. 00	340. 00
\$12,500-----	5, 625	6, 875	825. 00	6, 050. 00	425. 00
\$15,000-----	6, 750	8, 250	990. 00	7, 260. 00	510. 00
\$20,000-----	9, 000	11, 000	1, 320. 00	9, 680. 00	680. 00
\$25,000-----	11, 250	13, 750	1, 650. 00	12, 100. 00	850. 00
\$50,000-----	22, 500	27, 500	3, 300. 00	24, 200. 00	1, 700. 00
\$75,000-----	33, 750	41, 250	4, 950. 00	36, 300. 00	2, 550. 00
\$100,000-----	45, 000	55, 000	6, 600. 00	48, 400. 00	3, 400. 00
\$500,000-----	225, 000	275, 000	33, 000. 00	242, 000. 00	17, 000. 00
\$1,000,000-----	450, 000	550, 000	66, 000. 00	484, 000. 00	34, 000. 00
\$5,000,000-----	2, 250, 000	2, 750, 000	330, 000. 00	2, 420, 000. 00	170, 000. 00

percent,
bill

Gross dividend corporate dividend	Canada (Existing Law)		
	tax ³ post-war 1	Post-war refund	Individual net tax after post- war refund
\$800			
\$900			
\$1,000			
\$1,100			
\$1,200	0.00	\$30.00	\$30.00
\$1,500	5.00	67.50	67.50
\$1,600	7.20	77.00	78.60
\$2,000	7.20	96.00	127.20
\$2,500	7.20	120.00	217.20
\$3,000	4.80	144.00	360.80
\$4,000	16.80	192.00	624.80
\$5,000	24.40	240.00	884.40
\$6,000	78.40	288.00	1,190.40
\$8,000	52.00	384.00	1,768.00
\$10,000	55.00	480.00	2,385.00
\$12,500	10.00	600.00	3,210.00
\$15,000	72.00	720.00	4,052.00
\$20,000	12.00	800.00	6,012.00
\$25,000	19.00	800.00	8,119.00
\$50,000	36.00	800.00	19,536.00
\$75,000	53.00	800.00	31,953.00
\$100,000	70.00	800.00	44,870.00
\$500,000	04.00	800.00	277,504.00
\$1,000,000	04.00	800.00	571,504.00
\$5,000,000	04.00	800.00	2,923,504.00

¹ It is as tax, the graduated tax, and the investment
percent excess of \$1,500 included in total income. 1

² Tax at excess of \$1,500 and not on dividend i

TABLE 3

Dividend Income
Showing total taxation, net to individual after taxes, effective rate percent,
United States, under corporation and individual rates of House bill
and
Canada under the rates of 1942 law

Gross dividend before corporation or individual taxes	United States (Rates of House bill)						Canada (Existing Law)									Gross dividend before corporation or individual taxation
	Corporation tax	Dividend after corporation tax	Individual normal ² tax and surtax	Total tax	Effective rate percent	Net to individual after all taxes	Corporation taxes ¹	Dividend after corporation taxes	Individual tax ³ before post-war refund	Post-war refund	Individual net tax after post-war refund	Total individual and corporate taxes	Effective rate percent	Net to individual after all taxes		
\$800	\$360	\$440		\$360.00	45.0	\$440.00	\$320	\$480				\$320.00	40.0	\$480.00	\$800	
\$900	405	495		405.00	45.0	495.00	360	540				360.00	40.0	540.00	900	
\$1,000	450	550		450.00	45.0	550.00	400	600				400.00	40.0	600.00	1,000	
\$1,100	495	605	\$16.32	511.32	46.5	588.68	440	660				440.00	40.0	660.00	1,100	
\$1,200	540	660	26.44	566.44	47.2	633.56	480	720	\$60.00	\$30.00	\$30.00	510.00	42.5	690.00	1,200	
\$1,500	675	825	56.80	731.80	48.8	768.20	600	900	135.00	67.50	67.50	667.50	44.5	832.50	1,500	
\$1,600	720	880	66.92	786.92	49.2	813.08	640	960	157.20	77.00	78.60	718.60	44.9	881.40	1,600	
\$2,000	900	1,100	107.40	1,007.40	50.4	992.60	800	1,200	247.20	96.00	127.20	927.20	46.4	1,072.80	2,000	
\$2,500	1,125	1,375	158.00	1,283.00	51.3	1,217.00	1,000	1,500	367.20	120.00	217.20	1,217.20	48.7	1,282.80	2,500	
\$3,000	1,350	1,650	208.60	1,558.60	52.0	1,441.40	1,200	1,800	504.80	144.00	360.80	1,560.80	52.0	1,439.20	3,000	
\$4,000	1,800	2,200	309.80	2,109.80	52.7	1,890.20	1,600	2,400	816.80	192.00	624.80	2,224.80	55.6	1,775.20	4,000	
\$5,000	2,250	2,750	418.50	2,668.50	53.4	2,331.50	2,000	3,000	1,124.40	240.00	884.40	2,884.40	57.7	2,115.60	5,000	
\$6,000	2,700	3,300	536.20	3,236.20	53.9	2,763.80	2,400	3,600	1,478.40	288.00	1,190.40	3,590.40	59.8	2,409.60	6,000	
\$8,000	3,600	4,400	771.60	4,371.60	54.6	3,628.40	3,200	4,800	2,152.00	384.00	1,768.00	4,968.00	62.1	3,032.00	8,000	
\$10,000	4,500	5,500	1,047.00	5,547.00	55.5	4,453.00	4,000	6,000	2,865.00	480.00	2,385.00	6,385.00	63.9	3,615.00	10,000	
\$12,500	5,625	6,875	1,411.25	7,036.25	56.3	5,463.75	5,000	7,500	3,810.00	600.00	3,210.00	8,210.00	65.7	4,290.00	12,500	
\$15,000	6,750	8,250	1,815.50	8,565.50	57.1	6,434.50	6,000	9,000	4,772.00	720.00	4,052.00	10,052.00	67.0	4,948.00	15,000	
\$20,000	9,000	11,000	2,744.00	11,744.00	58.7	8,256.00	8,000	12,000	6,812.00	800.00	6,012.00	14,012.00	70.1	5,988.00	20,000	
\$25,000	11,250	13,750	3,810.50	15,060.50	60.2	9,939.50	10,000	15,000	8,919.00	800.00	8,119.00	18,119.00	72.5	6,881.00	25,000	
\$50,000	22,500	27,500	11,106.00	33,606.00	67.2	16,394.00	20,000	30,000	20,336.00	800.00	19,536.00	39,536.00	79.1	10,464.00	50,000	
\$75,000	33,750	41,250	19,838.50	53,588.50	71.5	21,411.50	30,000	45,000	32,753.00	800.00	31,953.00	61,953.00	82.6	13,047.00	75,000	
\$100,000	45,000	55,000	29,396.00	74,396.00	74.4	25,604.00	40,000	60,000	45,670.00	800.00	44,870.00	84,870.00	84.9	15,130.00	100,000	
\$500,000	225,000	275,000	216,616.00	441,616.00	88.3	58,384.00	200,000	300,000	278,304.00	800.00	277,504.00	477,504.00	95.5	22,496.00	500,000	
\$1,000,000	450,000	550,000	458,616.00	908,616.00	90.9	91,384.00	400,000	600,000	572,304.00	800.00	571,504.00	971,504.00	97.2	28,496.00	1,000,000	
\$5,000,000	2,250,000	2,750,000	2,394,616.00	4,644,616.00	92.9	355,384.00	2,000,000	3,000,000	2,924,304.00	800.00	2,923,504.00	4,923,504.00	98.5	76,496.00	5,000,000	

¹ It is assumed the normal tax of 18 percent, the 12 percent additional tax, and the 10 percent tax alternative to the 100 percent excess-profits tax, operate.

² Tax at the rates of the revenue bill as it passed the House.

³ Includes the normal tax, the graduated tax, and the investment income surtax. The latter tax is levied on the actual investment income in excess of \$1,500 included in total income. For purposes of this table, the investment income is included on the dividend income in excess of \$1,500 and not on dividend incomes up to that amount.

Gross dividend or distribution before dividend taxes		Dividend taxes	Dividend received by shareholder	Dividend received by shareholder after taxes
\$2,000.000	2,000.000	2,000.000	2,000.000	2,000.000
\$1,000.000	1,000.000	1,000.000	1,000.000	1,000.000
\$500.000	500.000	500.000	500.000	500.000
\$250.000	250.000	250.000	250.000	250.000
\$125.000	125.000	125.000	125.000	125.000
\$62.500	62.500	62.500	62.500	62.500
\$31.250	31.250	31.250	31.250	31.250
\$15.625	15.625	15.625	15.625	15.625
\$7.812	7.812	7.812	7.812	7.812
\$3.906	3.906	3.906	3.906	3.906
\$1.953	1.953	1.953	1.953	1.953
\$976.500	976.500	976.500	976.500	976.500
\$488.250	488.250	488.250	488.250	488.250
\$244.125	244.125	244.125	244.125	244.125
\$122.062	122.062	122.062	122.062	122.062
\$61.031	61.031	61.031	61.031	61.031
\$30.515	30.515	30.515	30.515	30.515
\$15.258	15.258	15.258	15.258	15.258
\$7.629	7.629	7.629	7.629	7.629
\$3.814	3.814	3.814	3.814	3.814
\$1.907	1.907	1.907	1.907	1.907
\$953.500	953.500	953.500	953.500	953.500
\$476.750	476.750	476.750	476.750	476.750
\$238.375	238.375	238.375	238.375	238.375
\$119.187	119.187	119.187	119.187	119.187
\$59.594	59.594	59.594	59.594	59.594
\$29.797	29.797	29.797	29.797	29.797
\$14.898	14.898	14.898	14.898	14.898
\$7.449	7.449	7.449	7.449	7.449
\$3.724	3.724	3.724	3.724	3.724
\$1.862	1.862	1.862	1.862	1.862
\$931.000	931.000	931.000	931.000	931.000
\$465.500	465.500	465.500	465.500	465.500
\$232.750	232.750	232.750	232.750	232.750
\$116.375	116.375	116.375	116.375	116.375
\$58.187	58.187	58.187	58.187	58.187
\$29.094	29.094	29.094	29.094	29.094
\$14.547	14.547	14.547	14.547	14.547
\$7.273	7.273	7.273	7.273	7.273
\$3.637	3.637	3.637	3.637	3.637
\$1.818	1.818	1.818	1.818	1.818
\$909.000	909.000	909.000	909.000	909.000
\$454.500	454.500	454.500	454.500	454.500
\$227.250	227.250	227.250	227.250	227.250
\$113.625	113.625	113.625	113.625	113.625
\$56.812	56.812	56.812	56.812	56.812
\$28.406	28.406	28.406	28.406	28.406
\$14.203	14.203	14.203	14.203	14.203
\$7.101	7.101	7.101	7.101	7.101
\$3.550	3.550	3.550	3.550	3.550
\$1.775	1.775	1.775	1.775	1.775
\$887.500	887.500	887.500	887.500	887.500
\$443.750	443.750	443.750	443.750	443.750
\$221.875	221.875	221.875	221.875	221.875
\$110.937	110.937	110.937	110.937	110.937
\$55.469	55.469	55.469	55.469	55.469
\$27.734	27.734	27.734	27.734	27.734
\$13.867	13.867	13.867	13.867	13.867
\$6.933	6.933	6.933	6.933	6.933
\$3.467	3.467	3.467	3.467	3.467
\$1.733	1.733	1.733	1.733	1.733
\$866.500	866.500	866.500	866.500	866.500
\$433.250	433.250	433.250	433.250	433.250
\$216.625	216.625	216.625	216.625	216.625
\$108.312	108.312	108.312	108.312	108.312
\$54.156	54.156	54.156	54.156	54.156
\$27.078	27.078	27.078	27.078	27.078
\$13.539	13.539	13.539	13.539	13.539
\$6.769	6.769	6.769	6.769	6.769
\$3.385	3.385	3.385	3.385	3.385
\$1.692	1.692	1.692	1.692	1.692
\$846.000	846.000	846.000	846.000	846.000
\$423.000	423.000	423.000	423.000	423.000
\$211.500	211.500	211.500	211.500	211.500
\$105.750	105.750	105.750	105.750	105.750
\$52.875	52.875	52.875	52.875	52.875
\$26.437	26.437	26.437	26.437	26.437
\$13.219	13.219	13.219	13.219	13.219
\$6.609	6.609	6.609	6.609	6.609
\$3.304	3.304	3.304	3.304	3.304
\$1.652	1.652	1.652	1.652	1.652
\$826.000	826.000	826.000	826.000	826.000
\$413.000	413.000	413.000	413.000	413.000
\$206.500	206.500	206.500	206.500	206.500
\$103.250	103.250	103.250	103.250	103.250
\$51.625	51.625	51.625	51.625	51.625
\$25.812	25.812	25.812	25.812	25.812
\$12.906	12.906	12.906	12.906	12.906
\$6.453	6.453	6.453	6.453	6.453
\$3.226	3.226	3.226	3.226	3.226
\$1.613	1.613	1.613	1.613	1.613
\$806.500	806.500	806.500	806.500	806.500
\$403.250	403.250	403.250	403.250	403.250
\$201.625	201.625	201.625	201.625	201.625
\$100.812	100.812	100.812	100.812	100.812
\$50.406	50.406	50.406	50.406	50.406
\$25.203	25.203	25.203	25.203	25.203
\$12.601	12.601	12.601	12.601	12.601
\$6.301	6.301	6.301	6.301	6.301
\$3.150	3.150	3.150	3.150	3.150
\$1.575	1.575	1.575	1.575	1.575
\$787.500	787.500	787.500	787.500	787.500
\$393.750	393.750	393.750	393.750	393.750
\$196.875	196.875	196.875	196.875	196.875
\$98.437	98.437	98.437	98.437	98.437
\$49.219	49.219	49.219	49.219	49.219
\$24.609	24.609	24.609	24.609	24.609
\$12.304	12.304	12.304	12.304	12.304
\$6.152	6.152	6.152	6.152	6.152
\$3.076	3.076	3.076	3.076	3.076
\$1.538	1.538	1.538	1.538	1.538
\$769.000	769.000	769.000	769.000	769.000
\$384.500	384.500	384.500	384.500	384.500
\$192.250	192.250	192.250	192.250	192.250
\$96.125	96.125	96.125	96.125	96.125
\$48.062	48.062	48.062	48.062	48.062
\$24.031	24.031	24.031	24.031	24.031
\$12.015	12.015	12.015	12.015	12.015
\$6.008	6.008	6.008	6.008	6.008
\$3.004	3.004	3.004	3.004	3.004
\$1.502	1.502	1.502	1.502	1.502
\$751.000	751.000	751.000	751.000	751.000
\$375.500	375.500	375.500	375.500	375.500
\$187.750	187.750	187.750	187.750	187.750
\$93.875	93.875	93.875	93.875	93.875
\$46.937	46.937	46.937	46.937	46.937
\$23.469	23.469	23.469	23.469	23.469
\$11.734	11.734	11.734	11.734	11.734
\$5.867	5.867	5.867	5.867	5.867
\$2.933	2.933	2.933	2.933	2.933
\$1.467	1.467	1.467	1.467	1.467
\$733.500	733.500	733.500	733.500	733.500
\$366.750	366.750	366.750	366.750	366.750
\$183.375	183.375	183.375	183.375	183.375
\$91.687	91.687	91.687	91.687	91.687
\$45.844	45.844	45.844	45.844	45.844
\$22.922	22.922	22.922	22.922	22.922
\$11.461	11.461	11.461	11.461	11.461
\$5.730	5.730	5.730	5.730	5.730
\$2.865	2.865	2.865	2.865	2.865
\$1.432	1.432	1.432	1.432	1.432
\$716.000	716.000	716.000	716.000	716.000
\$358.000	358.000	358.000	358.000	358.000
\$179.000	179.000	179.000	179.000	179.000
\$89.500	89.500	89.500	89.500	89.500
\$44.750	44.750	44.750	44.750	44.750
\$22.375	22.375	22.375	22.375	22.375
\$11.187	11.187	11.187	11.187	11.187
\$5.594	5.594	5.594	5.594	5.594
\$2.797	2.797	2.797	2.797	2.797
\$1.398	1.398	1.398	1.398	1.398
\$699.000	699.000	699.000	699.000	699.000
\$349.500	349.500	349.500	349.500	349.500
\$174.750	174.750	174.750	174.750	174.750
\$87.375	87.375	87.375	87.375	87.375
\$43.687	43.687	43.687	43.687	43.687
\$21.844	21.844	21.844	21.844	21.844
\$10.922	10.922	10.922	10.922	10.922
\$5.461	5.461	5.461	5.461	5.461
\$2.730	2.730	2.730	2.730	2.730
\$1.365	1.365	1.365	1.365	1.365
\$682.500	682.500	682.500	682.500	682.500
\$341.250	341.250	341.250	341.250	341.250
\$170.625	170.625	170.625	170.625	170.625
\$85.312	85.312	85.312	85.312	85.312
\$42.656	42.656	42.656	42.656	42.656
\$21.328	21.328	21.328	21.328	21.328
\$10.664	10.664	10.664	10.664	10.664
\$5.332	5.332	5.332	5.332	5.332
\$2.666	2.666	2.666	2.666	2.666
\$1.333	1.333	1.333	1.333	1.333
\$666.500	666.500	666.500	666.500	666.500
\$333.250	333.250	333.250	333.250	333.250
\$166.625	166.625	166.625	166.625	166.625
\$83.312	83.312	83.312	83.312	83.312
\$41.656	41.656	41.656	41.656	41.656
\$20.828	20.828	20.828	20.828	20.828
\$10.414	10.414	10.414	10.414	10.414
\$5.207	5.207	5.207	5.207	5.207
\$2.603	2.603	2.603	2.603	2.603
\$1.301	1.301	1.301	1.301	1.301
\$650.500	650.500	650.500	650.500	650.500
\$325.250	325.250	325.250	325.250	325.250
\$162.625	162.625	162.625	162.625	162.625
\$81.312	81.312	81.312	81.312	81.312
\$40.656	40.656	40.656	40.656	40.656
\$20.328	20.328	20.328	20.328	20.328
\$10.164	10.164	10.164	10.164	10.164
\$5.082	5.082	5.082	5.082	5.082
\$2.541	2.541	2.541	2.541	2.541
\$1.270	1.270	1.270	1.270	1.270
\$635.000	635.000	635.000	635.000	635.000
\$317.500	317.500	317.500	317.500	317.500
\$158.750	158.750	158.750	158.750	158.750
\$79.375	79.375	79.375	79.375	79.375
\$39.687	39.687	39.687	39.687	39.687
\$19.844	19.844	19.844	19.844	19.844
\$9.922	9.922	9.922	9.922	9.922
\$4.961	4.961	4.961	4.961	4.961
\$2.480	2.480	2.480	2.480	2.480

United Kingdom

Gross corp divi dend ax	Individual ax	Total tax	Effective rate percent	Net after in- dividual and corporate taxes	Gross dividend before taxes
\$800	3.30	\$158.30	19.79	\$641.70	\$800
\$900	3.09	191.09	21.23	708.91	900
\$1,000	3.88	223.88	22.39	776.12	1,000
\$1,100	4.66	256.66	23.33	843.34	1,100
\$1,200	5.50	297.50	24.79	902.50	1,200
\$1,500	6.75	440.75	29.38	1,059.25	1,500
\$1,600	8.50	488.50	30.53	1,111.50	1,600
\$2,000	9.50	679.50	33.98	1,320.50	2,000
\$2,500	13.25	918.25	36.73	1,581.75	2,500
\$3,000	17.00	1,157.00	38.57	1,843.00	3,000
\$4,000	24.50	1,634.50	40.86	2,365.50	4,000
\$5,000	32.00	2,112.00	42.24	2,888.00	5,000
\$6,000	39.50	2,589.50	43.16	3,410.50	6,000
\$8,000	45.50	3,624.50	45.31	4,375.50	8,000
\$10,000	45.50	4,824.50	48.25	5,175.50	10,000
\$12,500	52.94	6,397.94	51.18	6,102.06	12,500
\$15,000	60.13	8,090.13	53.93	6,909.87	15,000
\$20,000	77.00	11,637.00	58.19	8,363.00	20,000
\$25,000	92.00	15,412.00	61.65	9,588.00	25,000
\$50,000	13.25	36,793.25	73.59	13,206.75	50,000
\$75,000	17.00	60,137.00	80.18	14,863.00	75,000
\$100,000	24.50	84,324.50	84.32	15,675.50	100,000
\$500,000	45.50	474,824.50	94.96	25,175.50	500,000
\$1,000,000	59.50	962,949.50	96.29	37,050.50	1,000,000
\$5,000,000	99.50	4,867,949.50	97.36	132,050.50	5,000,000

*T Normal tax and surtax on the individual.

TABLE 4
Dividend Income

Total taxation, net to individual after taxes, effective rate percent,
United States, under corporation and individual rates of House bill
and
United Kingdom under existing law

Gross dividend before corporation or in- dividual taxes	United States (rates of House bill)						United Kingdom						
	Corporation tax	Dividend after corporation tax	Individual normal tax and surtax	Total tax	Effective rate percent	Net to individual after all taxes	Tax, national defense contribution	Dividend after national defense contribution	Total individual income tax	Total tax	Effective rate percent	Net after in- dividual and corporate taxes	Gross dividend before tax
\$800	\$360	\$440		\$360.00	45.0	\$440.00	\$40	\$760	\$118.30	\$158.30	19.79	\$641.70	\$800
\$900	405	495		405.00	45.0	495.00	45	855	146.09	191.09	21.23	708.91	900
\$1,000	450	550		450.00	45.0	550.00	50	950	173.88	223.88	22.39	776.12	1,000
\$1,100	495	605	\$16.32	511.32	46.5	588.68	55	1,045	201.66	256.66	23.33	843.34	1,100
\$1,200	540	660	26.44	566.44	47.2	633.56	60	1,140	237.50	297.50	24.79	902.50	1,200
\$1,500	675	825	56.80	731.80	48.8	768.20	75	1,425	365.75	440.75	29.38	1,059.25	1,500
\$1,600	720	880	66.92	786.92	49.2	813.08	80	1,520	408.50	488.50	30.53	1,111.50	1,600
\$2,000	900	1,100	107.40	1,007.40	50.4	992.60	100	1,900	579.50	679.50	33.98	1,320.50	2,000
\$2,500	1,125	1,375	158.00	1,283.00	51.3	1,217.00	125	2,375	793.25	918.25	36.73	1,581.75	2,500
\$3,000	1,350	1,650	208.60	1,558.60	52.0	1,441.40	150	2,850	1,007.00	1,157.00	38.57	1,843.00	3,000
\$4,000	1,800	2,200	309.80	2,109.80	52.7	1,890.20	200	3,800	1,434.50	1,634.50	40.86	2,365.50	4,000
\$5,000	2,250	2,750	418.50	2,668.50	53.4	2,331.50	250	4,750	1,862.00	2,112.00	42.24	2,888.00	5,000
\$6,000	2,700	3,300	536.20	3,236.20	53.9	2,763.80	300	5,700	2,289.50	2,589.50	43.16	3,410.50	6,000
\$8,000	3,600	4,400	771.60	4,371.60	54.6	3,628.40	400	7,600	3,224.50	3,624.50	45.31	4,375.50	8,000
\$10,000	4,500	5,500	1,047.00	5,547.00	55.5	4,453.00	500	9,500	4,324.50	4,824.50	48.25	5,175.50	10,000
\$12,500	5,625	6,875	1,411.25	7,036.25	56.3	5,463.75	625	11,875	5,772.94	6,397.94	51.18	6,102.06	12,500
\$15,000	6,750	8,250	1,815.50	8,565.50	57.1	6,434.60	750	14,250	7,340.13	8,090.13	53.93	6,909.87	15,000
\$20,000	9,000	11,000	2,744.00	11,744.00	58.7	8,256.00	1,000	19,000	10,637.00	11,637.00	58.19	8,363.00	20,000
\$25,000	11,250	13,750	3,810.50	15,060.50	60.2	9,930.50	1,250	23,750	14,162.00	15,412.00	61.65	9,588.00	25,000
\$50,000	22,500	27,500	11,106.00	33,606.00	67.2	16,394.00	2,500	47,500	34,293.25	36,793.25	73.59	13,206.75	50,000
\$75,000	33,750	41,250	19,838.50	53,588.50	71.5	21,411.50	3,750	71,250	56,387.00	60,137.00	80.18	14,863.00	75,000
\$100,000	45,000	55,000	29,396.00	74,396.00	74.4	25,604.00	5,000	95,000	79,324.50	84,324.50	84.32	15,675.50	100,000
\$500,000	225,000	275,000	216,616.00	441,616.00	88.3	58,384.00	25,000	475,000	449,824.50	474,824.50	94.96	25,175.50	500,000
\$1,000,000	450,000	550,000	458,616.00	908,616.00	90.9	91,384.00	50,000	950,000	912,949.50	962,949.50	96.29	37,050.50	1,000,000
\$5,000,000	2,250,000	2,750,000	2,394,616.00	4,644,616.00	92.9	355,384.00	250,000	4,750,000	4,617,949.50	4,867,949.50	97.36	132,050.50	5,000,000

*This table shows the net result of subjecting corporation income to the 50 percent standard rate, plus the national defense contribution of 5 percent, and the normal tax and surtax on the individual.

United Kingdom

Gross dividend before taxes	Total tax	Effective rate, percent	Net after individual and corporate taxes	Gross dividend before taxes
\$800-----	\$158.30	19.79	\$641.70	\$800
\$900-----	191.09	21.23	708.91	900
\$1,000-----	223.88	22.39	776.12	1,000
\$1,100-----	256.66	23.33	843.34	1,100
\$1,200-----	297.50	24.79	902.50	1,200
\$1,500-----	440.75	29.38	1,059.25	1,500
\$1,600-----	488.50	30.53	1,111.50	1,600
\$1,600-----	679.50	33.98	1,320.50	2,000
\$2,000-----	918.25	36.73	1,581.75	2,500
\$2,500-----	1,157.00	38.57	1,843.00	3,000
\$3,000-----	1,634.50	40.86	2,365.50	4,000
\$4,000-----	2,112.00	42.24	2,888.00	5,000
\$5,000-----	2,589.50	43.16	3,410.50	6,000
\$6,000-----	3,624.50	45.31	4,375.50	8,000
\$8,000-----	4,824.50	48.25	5,175.50	10,000
\$10,000-----	6,397.94	51.18	6,102.06	12,500
\$12,500-----	8,090.13	53.93	6,909.87	15,000
\$15,000-----	11,637.00	58.19	8,363.00	20,000
\$20,000-----	15,412.00	61.65	9,588.00	25,000
\$25,000-----	36,793.25	73.59	13,206.75	50,000
\$50,000-----	60,137.00	80.18	14,863.00	75,000
\$75,000-----	84,324.50	84.32	15,675.50	100,000
\$100,000-----	474,824.50	94.96	25,175.50	500,000
\$500,000-----	962,949.50	96.29	37,050.50	1,000,000
\$1,000,000-----	4,867,949.50	97.36	132,050.50	5,000,000
\$5,000,000-----				

Computed individual. Distribution of 5 percent, and the normal tax and surtax on the

TABLE 5
Dividend Income

Total taxation, net to individual after taxes, effective rate percent,
United States, under corporation rates of Treasury
proposals and individual rates of House bill
and
Canada under rates of 1942 law

Gross dividend before taxes	Corporation tax	Dividend after corpo- ration tax	Individual normal tax and surtax	Total tax	Effective rate, percent	Net to individ- ual after Federal cor- poration and individual taxation	Canada								Gross divi- dividend before corporation or individual taxation
							Corporation taxes	Dividend after corpo- ration taxes	Individual tax before post-war refund	Post-war refund	Individual net tax after post- war refund	Total individ- ual and corpo- rate taxes	Effective rate, percent	Net to individ- ual after all taxes	
\$800	\$440	\$360		\$440.00	55.0	\$360.00	\$320	\$480				\$320.00	40.0	\$480.00	\$800
\$900	495	405		495.00	55.0	405.00	360	540				360.00	40.0	540.00	900
\$1,000	550	450		550.00	55.0	450.00	400	600				400.00	40.0	600.00	1,000
\$1,100	605	495		605.00	55.0	495.00	440	660				440.00	40.0	660.00	1,100
\$1,200	660	540	\$5.20	665.20	55.4	534.80	480	720	\$60.00	\$30.00	\$30.00	510.00	42.5	690.00	1,200
\$1,500	825	675	29.20	854.20	56.9	645.80	600	900	135.00	67.50	67.50	667.50	44.5	832.50	1,500
\$1,600	880	720	37.48	917.48	57.3	682.52	640	960	157.20	77.00	78.60	718.60	44.9	881.40	1,600
\$2,000	1,100	900	70.60	1,170.60	58.5	829.40	800	1,200	247.20	96.00	127.20	927.20	46.4	1,072.80	2,000
\$2,500	1,375	1,125	112.00	1,487.00	59.5	1,013.00	1,000	1,500	367.20	120.00	217.20	1,217.20	48.7	1,282.80	2,500
\$3,000	1,650	1,350	153.40	1,803.40	60.1	1,196.60	1,200	1,800	504.80	144.00	360.80	1,560.80	52.0	1,439.20	3,000
\$4,000	2,200	1,800	236.20	2,436.20	60.9	1,563.80	1,600	2,400	816.80	192.00	624.80	2,224.80	55.6	1,775.20	4,000
\$5,000	2,750	2,250	319.00	3,069.00	61.4	1,931.00	2,000	3,000	1,124.40	240.00	884.40	2,884.40	57.7	2,115.60	5,000
\$6,000	3,300	2,700	407.80	3,707.80	61.8	2,292.20	2,400	3,600	1,478.40	288.00	1,190.40	3,590.40	59.8	2,409.60	6,000
\$8,000	4,400	3,600	600.40	5,000.40	62.5	2,999.60	3,200	4,800	2,152.00	384.00	1,768.00	4,968.00	62.1	3,032.00	8,000
\$10,000	5,500	4,500	793.00	6,293.00	62.9	3,707.00	4,000	6,000	2,865.00	480.00	2,385.00	6,385.00	63.9	3,615.00	10,000
\$12,500	6,875	5,625	1,078.75	7,953.75	63.6	4,546.25	5,000	7,500	3,810.00	600.00	3,210.00	8,210.00	65.7	4,290.00	12,500
\$15,000	8,250	6,750	1,374.50	9,624.50	64.2	5,375.50	6,000	9,000	4,772.00	720.00	4,052.00	10,052.00	67.0	4,948.00	15,000
\$20,000	11,000	9,000	2,028.00	13,028.00	65.1	6,972.00	8,000	12,000	6,812.00	800.00	6,012.00	14,012.00	70.1	5,988.00	20,000
\$25,000	13,750	11,250	2,837.50	16,587.50	66.4	8,412.50	10,000	15,000	8,919.00	800.00	8,119.00	18,119.00	72.5	6,881.00	25,000
\$50,000	27,500	22,500	8,176.00	35,676.00	71.4	14,324.00	20,000	30,000	20,336.00	800.00	19,536.00	39,536.00	79.1	10,464.00	50,000
\$75,000	41,250	33,750	14,956.00	56,206.00	74.9	18,794.00	30,000	45,000	32,753.00	800.00	31,953.00	61,953.00	82.6	13,047.00	75,000
\$100,000	55,000	45,000	22,361.00	77,361.00	77.4	22,639.00	40,000	60,000	45,670.00	800.00	44,870.00	84,870.00	84.9	15,130.00	100,000
\$500,000	275,000	225,000	172,616.00	447,616.00	89.5	52,384.00	200,000	300,000	278,304.00	800.00	277,504.00	477,504.00	95.5	22,496.00	500,000
\$1,000,000	550,000	450,000	370,616.00	920,616.00	92.1	79,384.00	400,000	600,000	572,304.00	800.00	571,504.00	971,504.00	97.2	28,496.00	1,000,000
\$5,000,000	2,750,000	2,250,000	1,954,616.00	4,704,616.00	94.1	295,384.00	2,000,000	3,000,000	2,924,304.00	800.00	2,923,504.00	4,923,504.00	98.5	76,496.00	5,000,000

Computed at United States corporation rates proposed by Treasury of 55%; individual rates, as contained in House bill.

Gross dividend before tax	Corporation tax	Dividend received by shareholder	Total dividend received by shareholder	Net dividend received by shareholder
\$2,000,000	2,750,000	2,750,000	2,750,000	2,750,000
\$1,000,000	1,375,000	1,375,000	1,375,000	1,375,000
\$500,000	687,500	687,500	687,500	687,500
\$250,000	343,750	343,750	343,750	343,750
\$100,000	137,500	137,500	137,500	137,500
\$50,000	68,750	68,750	68,750	68,750
\$25,000	34,375	34,375	34,375	34,375
\$10,000	13,750	13,750	13,750	13,750
\$5,000	6,875	6,875	6,875	6,875
\$2,500	3,437	3,437	3,437	3,437
\$1,000	1,375	1,375	1,375	1,375
\$500	687	687	687	687
\$250	343	343	343	343
\$100	137	137	137	137
\$50	68	68	68	68
\$25	34	34	34	34
\$10	13	13	13	13
\$5	6	6	6	6
\$2	3	3	3	3
\$1	1	1	1	1

Computed at United States corporation rates prevailing in 1934. Individual.