DIVIDEND TAXES

October 1, 1963

Dear:

I have your recent letter relating to the action of the House of Representatives in changing the manner in which dividends are taxed. The proposal adopted by the House decreases from 4 to 2 percent the credit against tax allowed for dividends received during the calendar year 1964. With respect to dividends received in 1965 and subsequent years, the credit is repealed altogether. The House bill provides that with respect to dividends received in the calendar year 1964 and subsequent years, the maximum exclusion per individual for dividends received received from a domestic corporation is to be $100 in lieu of the $50 available at the present time. In the case of married couples filing jointly, the maximum exclusion would be $200.

I strongly supported the 1954 legislation which established the $50 dividend exclusion and 4 percent dividend tax credit. In addition to providing some relief from double taxation, I felt this proposal would greatly stimulate investment in American industry. Our experience of the past nine years under this Act furnishes ample proof of the desirability of this legislation.

I am still of the opinion that the measure is beneficial and I shall oppose any effort to change it.

Sincerely,

Everett McKinley Dirksen