

B. Tax-Free Status for Victory City Common Stock Dividends

As an incentive to Victory City investors, you want dividends on common stock to be exempt from all federal, state and local taxes. On the federal level, Congress, specifically the Ways and Means Committee of the House of Representatives and the Senate Finance Committee, has jurisdiction over the tax laws. You would need to contact members of those committees with your proposal.

Unfortunately, there is a general trend on the federal level against passing special interest or social engineering type legislation. However, it is possible that the House Ways and Means Committee may consider proposals to make all dividends tax-free on the shareholder level. Any proposal considered would be to address concerns that dividend income has already been taxed at the corporate level. While it is unlikely that Congress will take action on this issue this year, Congress may well pass legislation to make shareholders dividends tax-free in the near future.

You should also consider tax deferral status for Victory City stock dividends. Congress has already experimented with deferring the taxes paid on dividends. Several years ago, Congress passed a partial tax deferral on dividends from public utility securities that were reinvested in utilities. Apparently, the plan was repealed because of the loss of revenue. However, because there is some precedent, Congress might be more inclined to consider tax deferral.

Regarding taxes on a state and local level, you would need to contact the appropriate taxing authorities where you plan to establish Victory City. If you choose Ohio, you will need to contact the Ohio House or Senate Ways and Means Committees. For local taxation issues, whatever body passes tax laws in Victory City's jurisdiction would need to be contacted.