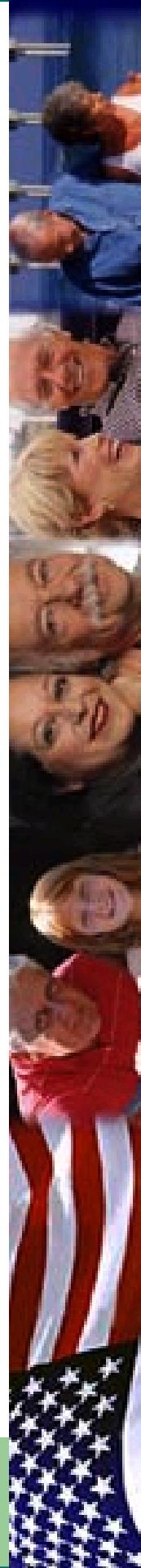


# The Double Taxation of Dividends

## Facts Chartbook Facts Chartbook



Prepared by  
**The US Senate Special Committee on Aging**  
**Majority Staff**  
**Senator Larry Craig, Chairman**  
April 2003

## **Ending the Double Taxation of Dividends is Good for Older Americans**

- 71% of taxable dividends go to Americans age 55 and older (Chart 1).
- 52% of seniors age 65 and older receive taxable dividends (Chart 2).
- 51% of taxable dividends go to Americans age 65 and older (Chart 3).

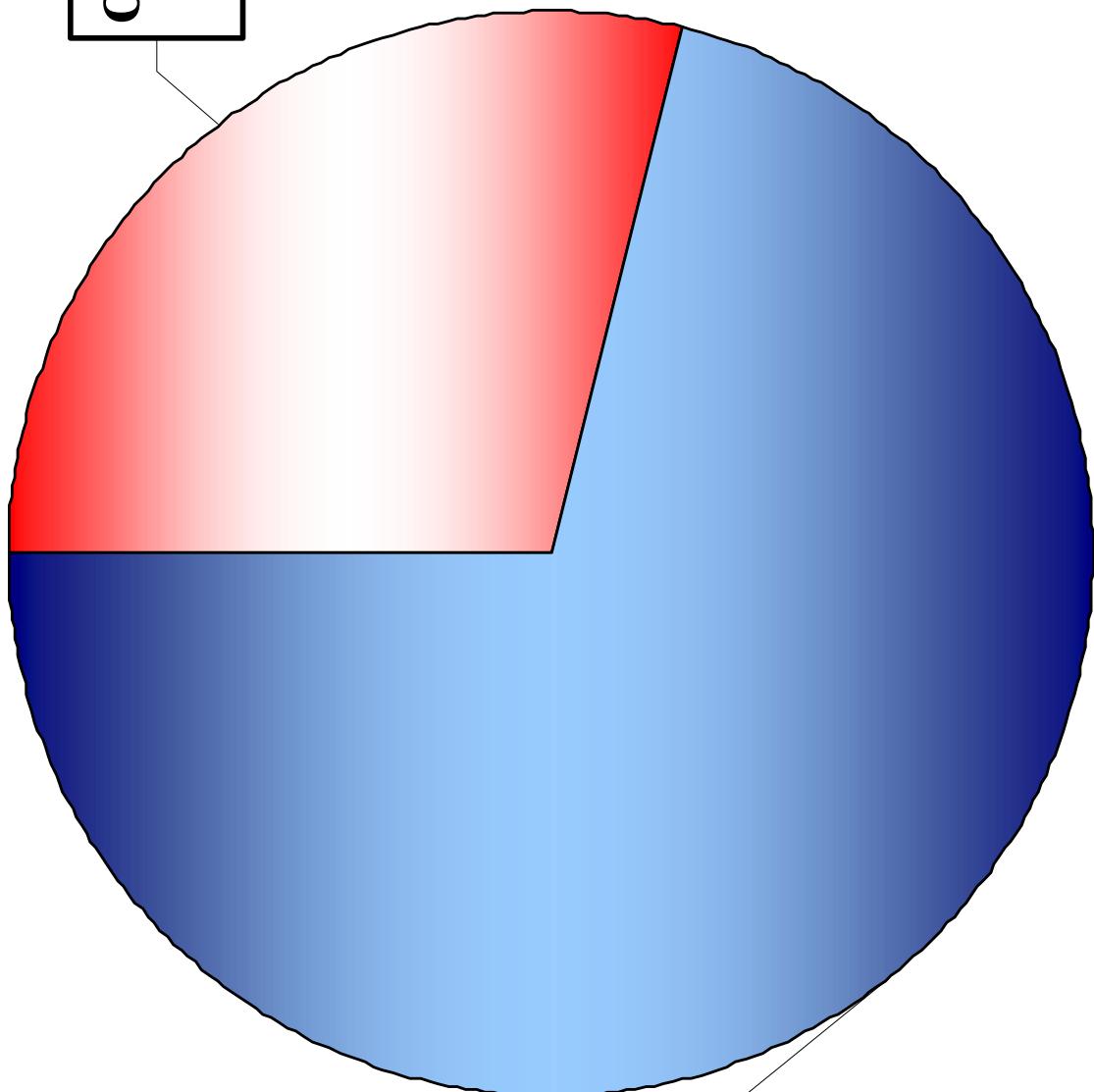
## The Double Taxation of Dividends Hurts the Economy

- The United States and Japan have the highest effective combined corporate and dividend tax rates (chart 4).
- Abolishing the double taxation of dividends would reduce the cost of investment capital by 10 to 25 percent and boost business investment (chart 5).
- Business investment in this recovery lags previous recoveries (chart 6).

# Ending the Dividend Penalty Would Improve Corporate Governance

- “*Abolishing the double taxation of dividends is about keeping companies honest, competent and resourceful . . .*” **Hillary Kramer, Montgomery Asset (2/4/03 Testimony before US Senate Special Committee on Aging)**
- “*Nothing could possibly excuse Enron, Arthur Andersen and other firms from their deceptive and fraudulent practices. But cries for accounting reforms, transparent earnings reports, and auditor independence will not amount to anything if the U.S. tax system encourages firms to do just the opposite.*” **Jeremy Siegel, Wharton Business School (2/13/02 Wall Street Journal)**
- “*The President's proposal will improve corporate governance, by taking the tax code out of important corporate decisions and by giving shareholders more information about their investments.*” **Glenn Hubbard, Former Chairman of the President's Council of Economic Advisors (2/28/03 Financial Times)**

# About 70% of All Taxed Dividends Go to Older Americans



Other Ages  
29%

Age 55+  
71%

Chart 1

Source: President's Council of Economic Advisors

# More Than Half of Seniors Get Taxable Dividends

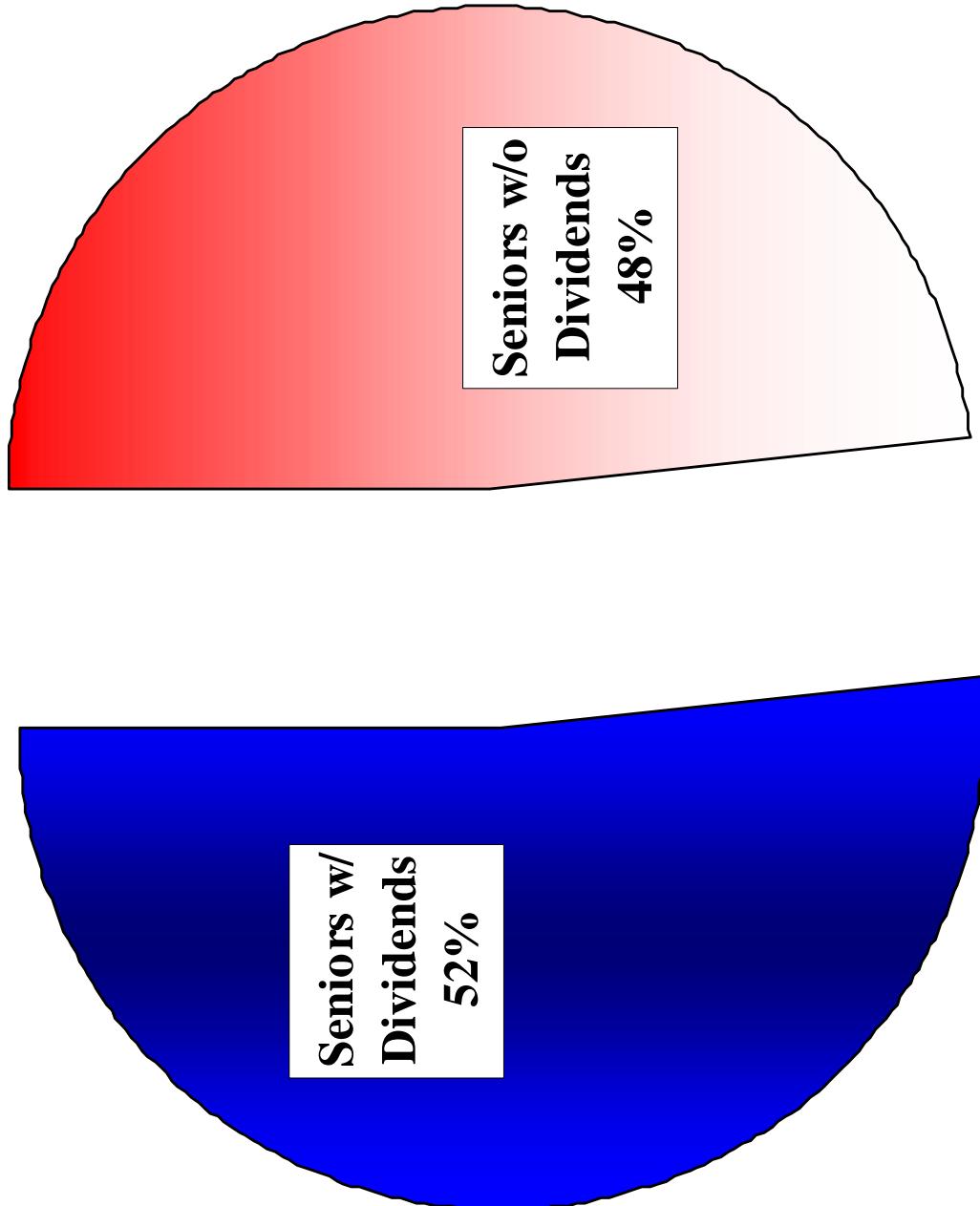
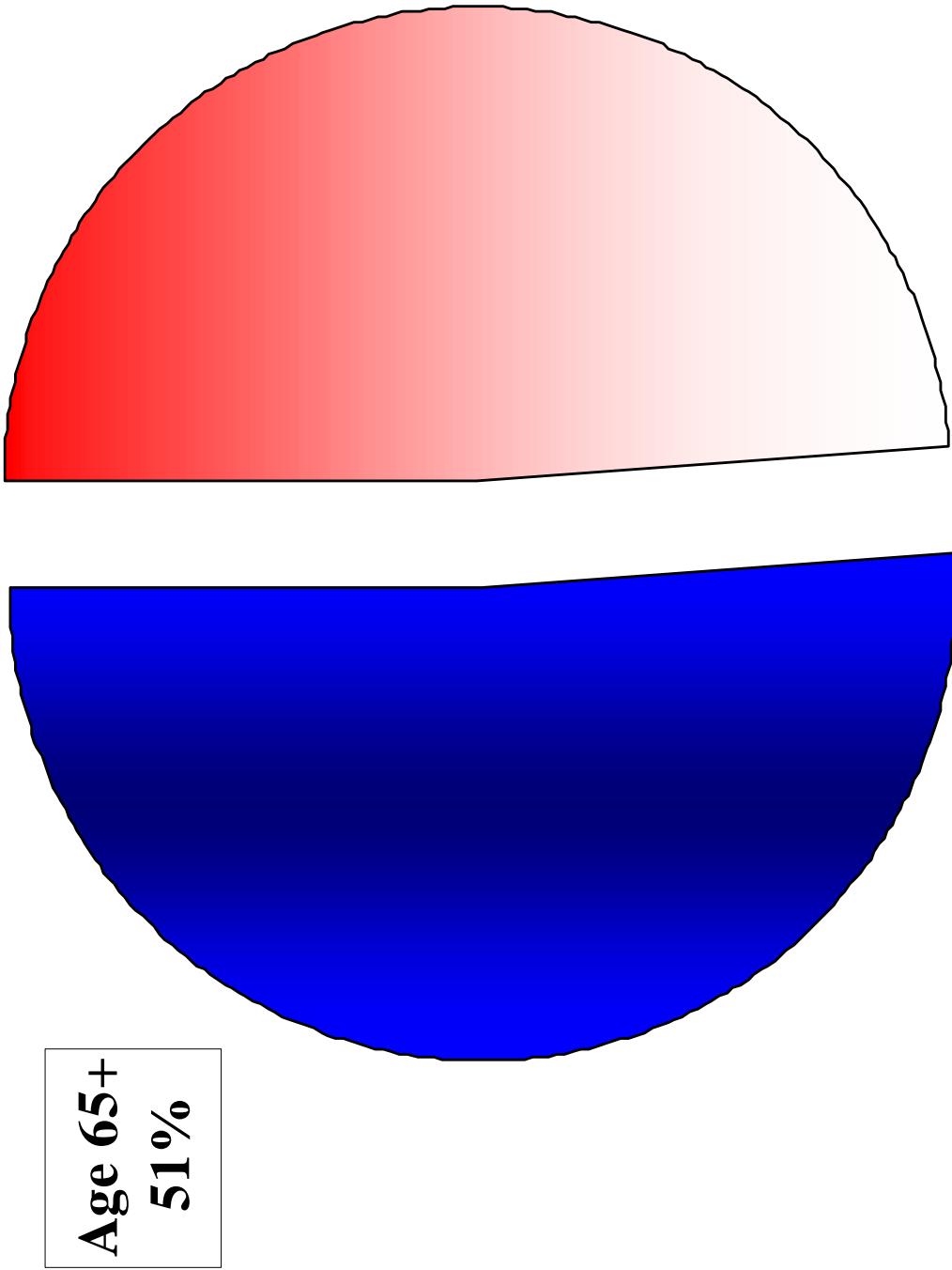


Chart 2

*Source: President's Council of Economic Advisors*

# More Than Half of Taxable Dividends Go to Seniors



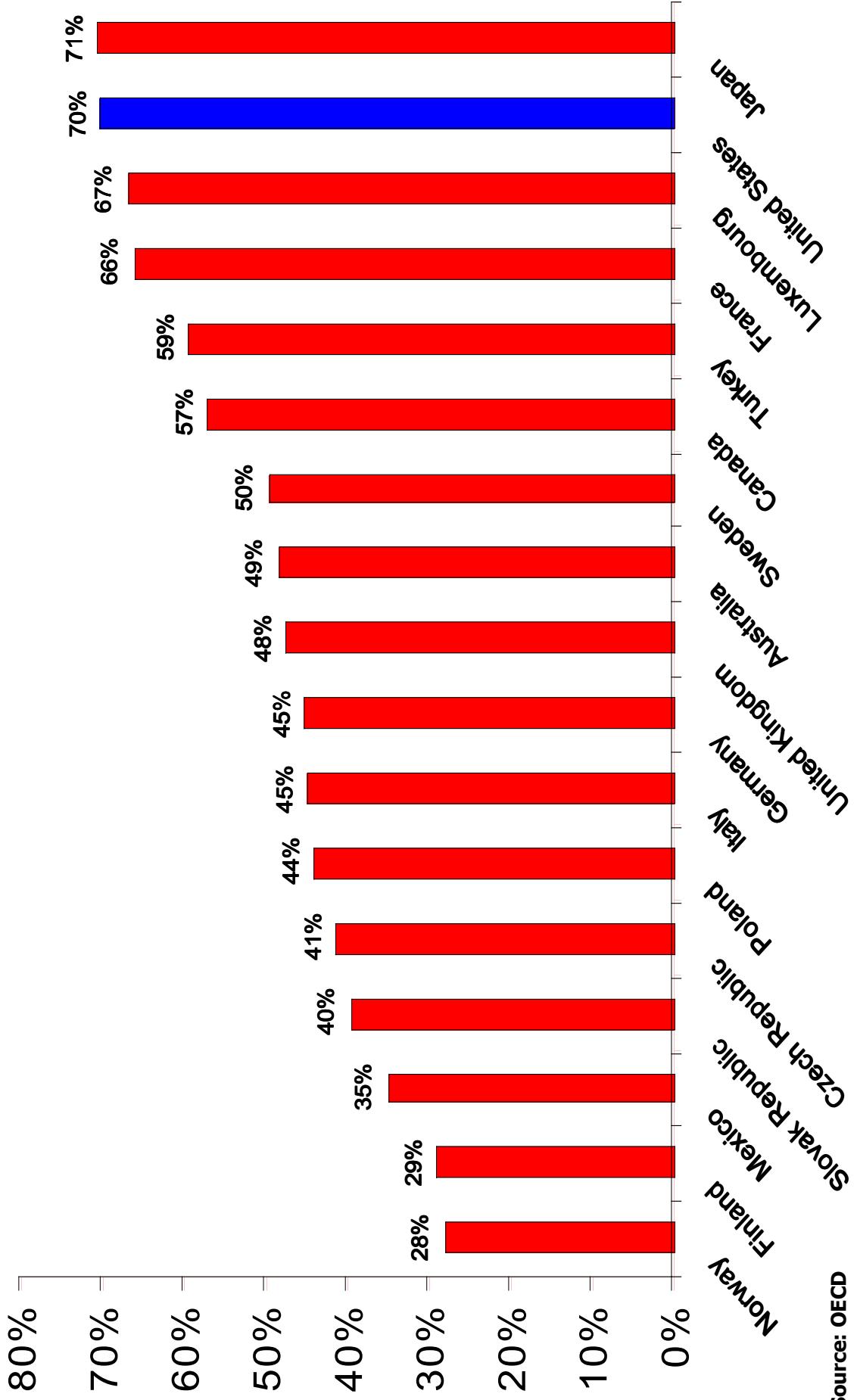
Source: President's Council of Economic Advisors

Chart 3

Chart 4

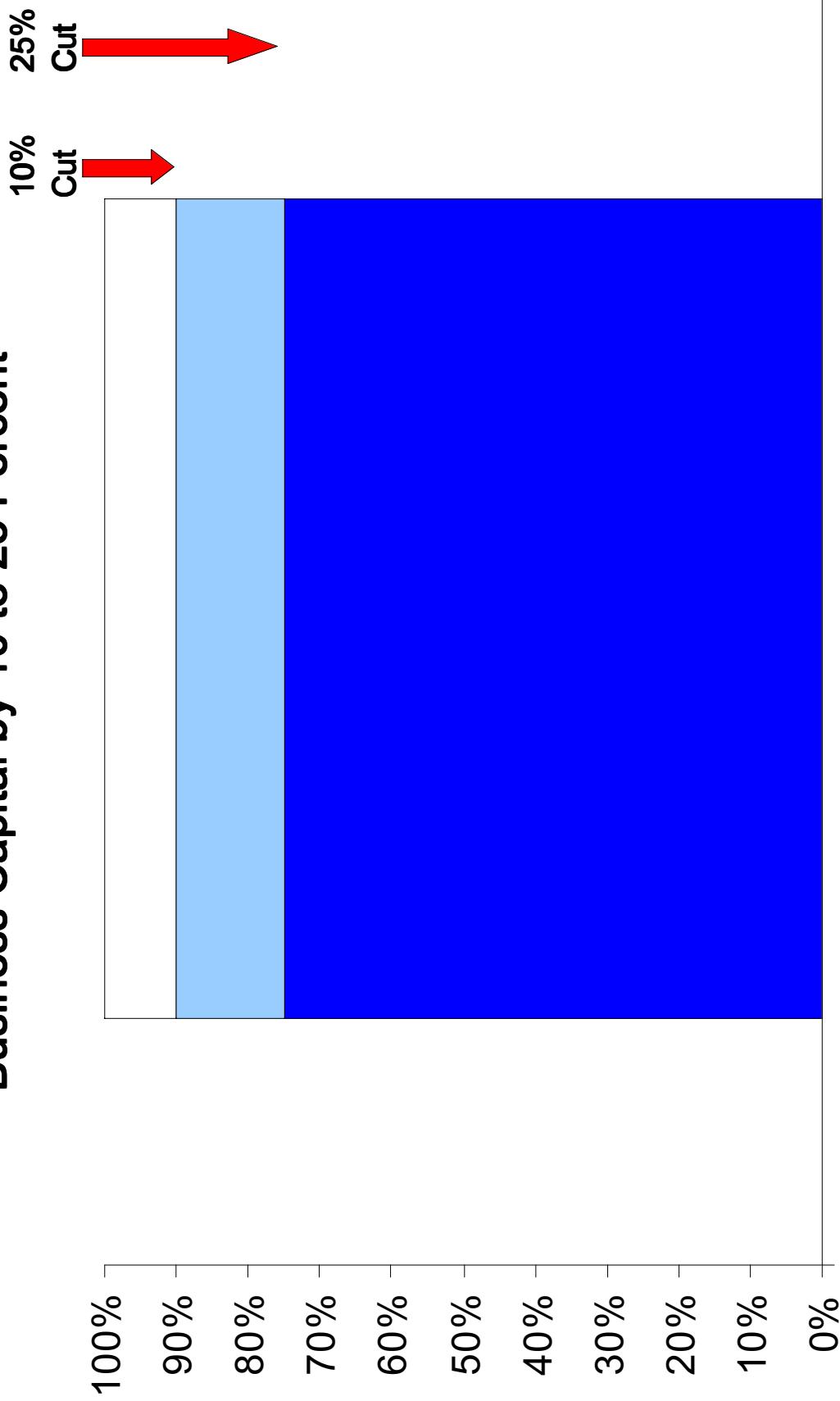
## UNITED STATES: SECOND-HIGHEST IN THE WORLD

COMBINED CORPORATE & DIVIDEND TAXES



Source: OECD

## **Ending the Dividend Penalty Will Reduce the Cost of Business Capital by 10 to 25 Percent**

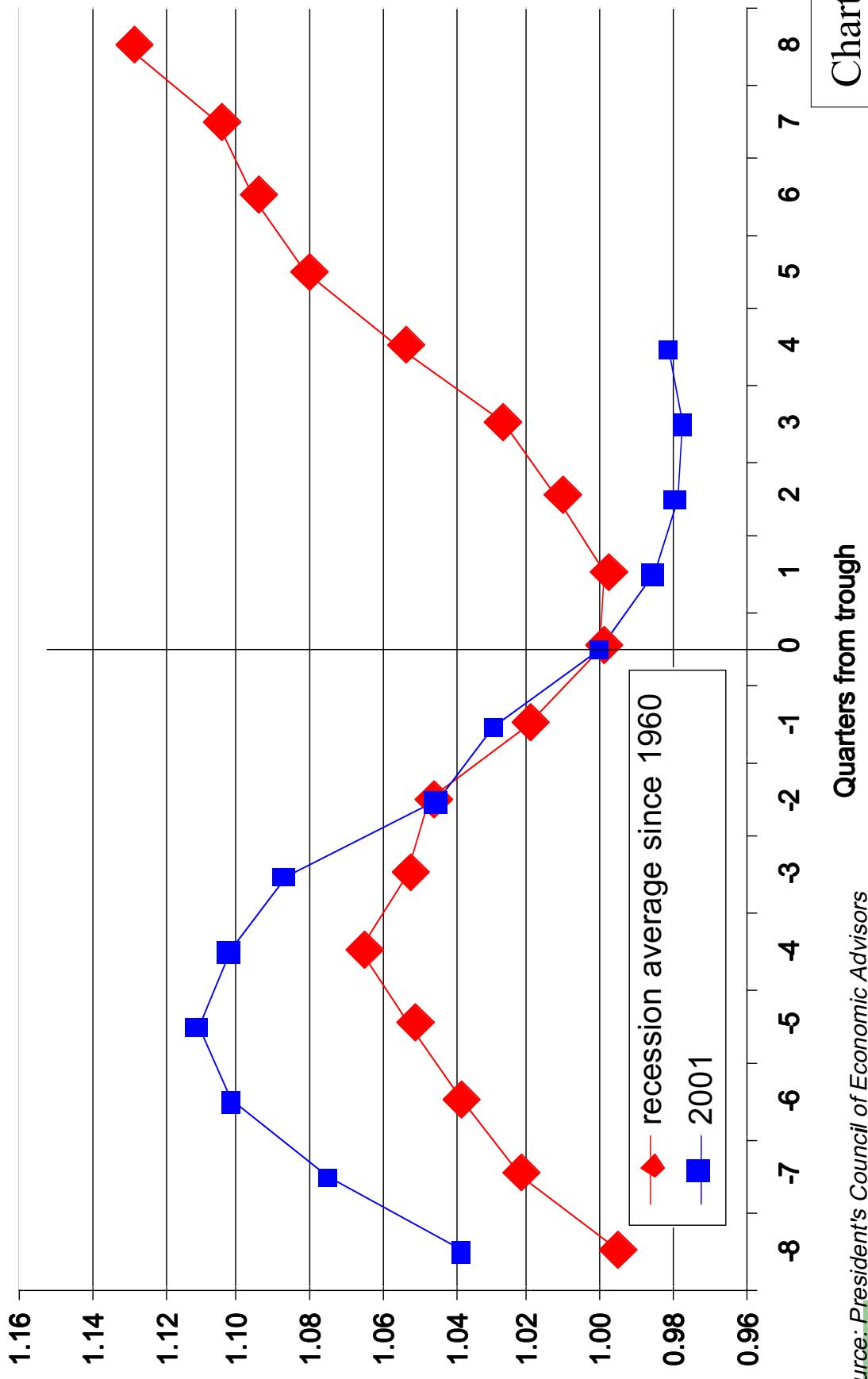


*Source: President's Council of Economic Advisors*

## **Cost of Business Capital**

**Chart 5**

## Business Investment Lags Other Recoveries



Source: President's Council of Economic Advisors

Quarters from trough

Chart 6