



BUSH SCALING DOWN PLANS FOR TAX CUT

By *BETH PISKORA*

December 20, 2002 -- The big gift Americans are expecting from President George W. Bush next year may not be everything they hoped for.

Yes, tax cuts are still coming. But the elimination of double taxation of dividends is not going to be the boon investors believe.

The Bush administration intends to cap tax-free dividends at \$500 for individuals and \$1,000 for couples filing joint returns, The Post has learned.

The reasons are many. First, the federal government simply cannot give up all the income it gets by double-taxing dividends - first by taxing the companies and then by taxing the shareholders.

According to congressional estimates, the federal government takes in about \$2 billion a year by taxing individuals on dividends that have been already taxed at the corporate level.

Second, the White House is trying to fend off complaints that this is yet another gift to the very rich. By capping the free dividends at a relatively low level, more taxpayers of all income levels will benefit.

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