

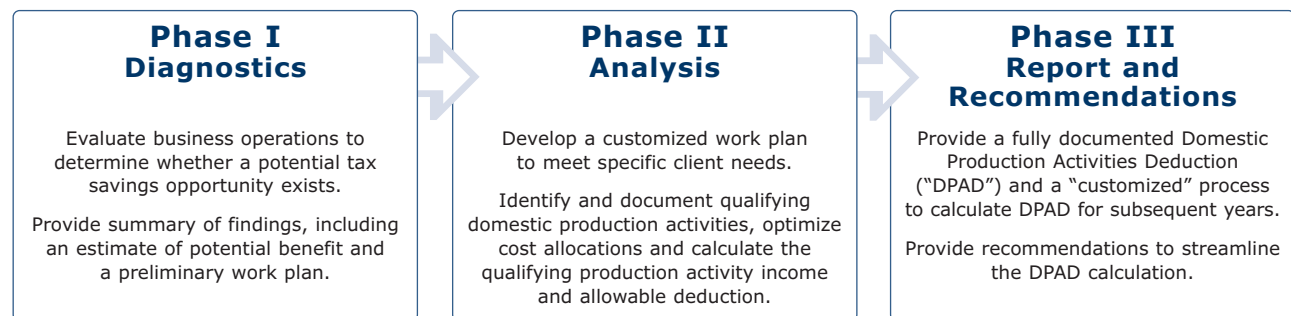
SECTION 199

DOMESTIC PRODUCTION ACTIVITIES DEDUCTION

The American Jobs Creation Act of 2004 provides a special deduction, under Section 199, for most companies with domestic production activities. While this deduction is clearly one of the most taxpayer-favorable provisions enacted in years, the rules can be complex as to the mechanics for allocating income and expenses to qualifying and non-qualifying activities. DMA's Federal Tax team is ready to assist you in all aspects of this complex qualifying process, from data gathering to audit defense. Although the deduction was intended for manufacturers, many taxpayers will qualify for the deduction.

The activities eligible for the deduction include not only the manufacture of tangible personal property, but also software development; film and music production; the production of electricity, natural gas, or water; construction activities; and engineering and architectural services.

DMA's Section 199 Service is designed to help your company realize permanent tax savings through a supportable and sustainable deduction. It allows you to be competitive with foreign companies by providing comparable tax benefits, and provides an audit trail for internal use and controls.



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