

TAXES

TABLE 7.19

Range of State Corporate Income Tax Rates (For tax year 2017—as of January 1, 2017)

State or other jurisdiction	Tax rate (percent)	Tax brackets		Number of brackets	Financial institution tax rates (percent)(a)	Federal income tax deductible
		Lowest	Highest			
Alabama	6.5	..... Flat Rate .....	.....	1	6.5	★
Alaska	0–9.4	25,000	222,000	10		...
Arizona	4.9 (b)	..... Flat Rate .....	.....	1		...
Arkansas	1.0–6.5	3,000	100,001	6		...
California	8.84 (b)	..... Flat Rate .....	.....	1	10.84 (b)	...
Colorado	4.63	..... Flat Rate .....	.....	1	4.63	...
Connecticut	7.5 (c)	..... Flat Rate .....	.....	1		...
Delaware	8.7	..... Flat Rate .....	.....	1	8.7–1.7 (d)	...
Florida	5.5 (e)	..... Flat Rate .....	.....	1		...
Georgia	6.0	..... Flat Rate .....	.....	1	6.0	...
Hawaii	4.4–6.4 (f)	25,000	100,001	3	7.92 (f)	...
Idaho	7.4 (g)	..... Flat Rate .....	.....	1		...
Illinois	9.5 (h)	..... Flat Rate .....	.....	1		...
Indiana	6.0 (i)	..... Flat Rate .....	.....	1	6.5	...
Iowa	6.0–12.0	25,000	250,001	4	5.0	★(j)
Kansas	4.0 (k)	..... Flat Rate .....	.....	1	2.25 (k)	...
Kentucky	4.0–6.0	50,000	100,001	3	(a)	...
Louisiana	4.0–8.0	25,000	200,001	5	4.0–8.0	★
Maine	3.5–8.93	25,000	250,000	4	1.0 (l)	...
Maryland	8.25	..... Flat Rate .....	.....	1	8.25	...
Massachusetts	8.0 (m)	..... Flat Rate .....	.....	1	9.0 (m)	...
Michigan	6.0	..... Flat Rate .....	.....	1	(a)	...
Minnesota	9.8 (n)	..... Flat Rate .....	.....	1		...
Mississippi	3.0–5.0	5,000	10,001	3		...
Missouri	6.25	..... Flat Rate .....	.....	1	7.0	★(j)
Montana	6.75 (o)	..... Flat Rate .....	.....	1		...
Nebraska	5.58–7.81	..... Flat Rate .....	.....	2	(a)	...
Nevada		No corporate income tax				...
New Hampshire	8.2 (p)	..... Flat Rate .....	.....	1		...
New Jersey	9.0 (q)	..... Flat Rate .....	.....	1		...
New Mexico	4.8–5.9	500,000		2	4.8–5.9	...
New York	6.5 (r)	..... Flat Rate .....	.....	1	6.5 (r)	...
North Carolina	3.0	..... Flat Rate .....	.....	1	3.0	...
North Dakota	1.41–4.31 (s)	25,000	50,001	3	1.41–4.31 (s)	...
Ohio		(t)				...
Oklahoma	6.0	..... Flat Rate .....	.....	1	6.0	...
Oregon	6.6–7.6 (u)	1 million		2	6.6–7.6 (u)	...
Pennsylvania	9.99	..... Flat Rate .....	.....	1	(a)	...
Rhode Island	7.0 (b)	..... Flat Rate .....	.....	1	9.0 (b)	...
South Carolina	5.0	..... Flat Rate .....	.....	1	4.5 (v)	...
South Dakota		No corporate income tax			6.0–0.25 (b)	...
Tennessee	6.5	..... Flat Rate .....	.....	1	6.5	...
Texas	(w)	..... Flat Rate .....	.....			...
Utah	5.0 (b)	..... Flat Rate .....	.....			...
Vermont	6.0–8.5 (b)	10,000	25,000	3	(a)	...
Virginia	6.0	..... Flat Rate .....	.....	1	6.0	...
Washington		No corporate income tax				...
West Virginia	6.5	..... Flat Rate .....	.....	1	6.5	...
Wisconsin	7.9	..... Flat Rate .....	.....	1	7.9	...
Wyoming		No corporate income tax				...
Dist. of Columbia	8.25 (b)	..... Flat Rate .....	.....	1		...

See footnotes at end of table

TABLE 7.19

Range of State Corporate Income Tax Rates (For tax year 2017—as of January 1, 2017) (continued)

Source: Compiled by the Federation of Tax Administrators from various sources February 2018.

Key:

★—Yes

...—No

- (a) Rates listed are the corporate income tax rate applied to financial institutions or excise taxes based on income. Some states have other taxes based upon the value of deposits or shares.
- (b) Minimum tax is \$800 in California, \$100 in District of Columbia and Arizona, \$50 in North Dakota (banks), \$500 in Rhode Island, \$200 per location in South Dakota (banks), \$100 in Utah, \$250 in Vermont.
- (c) Connecticut's tax is the greater of the 7.5% tax on net income, a 0.31% tax on capital stock and surplus (maximum tax of \$1 million), or \$250 (the minimum tax). Plus, an additional 10% surtax applies for tax years 2018.
- (d) The Delaware Bank marginal rate decreases over 4 brackets ranging from \$20 to \$650 million in taxable income. Building and loan associations are taxed at a flat 8.7%.
- (e) An exemption of \$50,000 is allowed. Florida's Alternative Minimum Tax rate is 3.3%.
- (f) Hawaii taxes capital gains at 4%. Financial institutions pay a franchise tax of 7.92% of taxable income (in lieu of the corporate income tax and general excise taxes).
- (g) Idaho's minimum tax on a corporation is \$20. The \$10 Permanent Building Fund Tax must be paid by each corporation in a unitary group filing a combined return. Taxpayers with gross sales in Idaho under \$100,000, and with no property or payroll in Idaho, may elect to pay 1% on such sales (instead of the tax on net income).
- (h) The Illinois rate of 9.5% is the sum of a corporate income tax rate of 7.0% plus a replacement tax of 2.5%.
- (i) The Indiana Corporate tax rate is scheduled to decrease to 5.75% on July 1, 2018. Bank tax rate is scheduled to decrease to 6.25% on January 1, 2019.
- (j) 50% of the federal income tax is deductible.
- (k) In addition to the flat 4% corporate income tax, Kansas levies a 3.0% surtax on taxable income over \$50,000. Banks pay a privilege tax of 2.25% of net income, plus a surtax of 2.125% (2.25% for savings and loans, trust companies, and federally chartered savings banks) on net income in excess of \$25,000.
- (l) The state franchise tax on financial institutions is either (1) the sum of 1% of the Maine net income of the financial institution for the taxable year, plus 8¢ per \$1,000 of the institution's Maine assets as of the end of its taxable year, or (2) 39¢ per \$1,000 of the institution's Maine assets as of the end of its taxable year.
- (m) Business and manufacturing corporations pay an additional tax of \$2.60 per \$1,000 on either taxable Massachusetts tangible property or taxable net worth allocable to the state (for intangible property corporations). The minimum tax for both corporations and financial institutions is \$456.
- (n) In addition, Minnesota levies a 5.8% tentative minimum tax on Alternative Minimum Taxable Income.
- (o) Montana levies a 7% tax on taxpayers using water's edge combination. The minimum tax per corporation is \$50; the \$50 minimum applies to each corporation included on a combined tax return. Taxpayers with gross sales in Montana of \$100,000 or less may pay an alternative tax of 0.5% on such sales, instead of the net income tax.
- (p) New Hampshire's 8.2% Business Profits Tax is imposed on both corporations and unincorporated associations with gross income over \$50,000. In addition, New Hampshire levies a Business Enterprise Tax of 0.75% on the enterprise base (total compensation, interest and dividends paid) for businesses with gross income over \$150,000 or base over \$75,000. The Business Profits Tax is scheduled to decrease to 7.9% for tax years beginning after 2018 if certain revenue conditions are met.
- (q) In New Jersey small businesses with annual entire net income under \$100,000 pay a tax rate of 7.5%; businesses with income under \$50,000 pay 6.5%. The minimum Corporation Business Tax is based on New Jersey gross receipts. It ranges from \$500 for a corporation with gross receipts less than \$100,000, to \$2,000 for a corporation with gross receipts of \$1 million or more.
- (r) New York's general business corporate rate shown. Corporations may also be subject to a capital stocks tax, which is being phased out through 2021. A minimum tax ranges from \$25 to \$200,000, depending on receipts (\$250 minimum for banks). Certain qualified New York manufacturers pay 0%.
- (s) North Dakota imposes a 3.5% surtax for filers electing to use the water's edge method to apportion income.
- (t) Ohio no longer levies a tax based on income (except for a particular subset of corporations), but instead imposes a Commercial Activity Tax (CAT) equal to \$150 for gross receipts situated to Ohio of between \$150,000 and \$1 million, plus 0.26% of gross receipts over \$1 million. Banks continue to pay a franchise tax of 1.3% of net worth. For those few corporations for whom the franchise tax on net worth or net income still applies, a litter tax also applies.
- (u) Oregon's minimum tax for C corporations depends on the Oregon sales of the filing group. The minimum tax ranges from \$150 for corporations with sales under \$500,000, up to \$100,000 for companies with sales of \$100 million or above.
- (v) South Carolina taxes savings and loans at a 6% rate.
- (w) Texas imposes a Franchise Tax, otherwise known as margin tax, imposed on entities with more than \$1,110,000 total revenues at rate of 0.75%, or 0.375% for entities primarily engaged in retail or wholesale trade, on lesser of 70% of total revenues or 100% of gross receipts after deductions for either compensation or cost of goods sold.