

TAXES

Table 7.14
RANGE OF STATE CORPORATE INCOME TAX RATES
(For tax year 2011, as of January 1, 2011)

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.....	1.0–9.4	9,999	90,000	10	1.0–9.4	...
Arizona.....	6.968 (b)	----- Flat Rate -----		1	6.968 (b)	...
Arkansas.....	1.0–6.5	3,000	100,001	6	1.0–6.5	...
California.....	8.84 (c)	----- Flat Rate -----		1	10.84 (c)	...
Colorado.....	4.63	----- Flat Rate -----		1	4.63	...
Connecticut.....	7.5 (d)	----- Flat Rate -----		1	7.5 (d)	...
Delaware.....	8.7	----- Flat Rate -----		1	8.7–1.7 (e)	...
Florida.....	5.5 (f)	----- Flat Rate -----		1	5.5 (f)	...
Georgia.....	6.0	----- Flat Rate -----		1	6.0	...
Hawaii.....	4.4–6.4 (g)	25,000	100,001	3	7.92 (g)	...
Idaho.....	7.6 (h)	----- Flat Rate -----		1	7.6 (h)	...
Illinois.....	9.5 (i)	----- Flat Rate -----		1	9.5 (i)	...
Indiana.....	8.5	----- Flat Rate -----		1	8.5	...
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 (n)	25,000	250,000	4	1.0 (l)	...
Maryland.....	8.25	----- Flat Rate -----		1	8.3	...
Massachusetts.....	8.75 (m)	----- Flat Rate -----		1	9.5 (m)	...
Michigan.....	4.95 (n)	----- Flat Rate -----		1	(a)	...
Minnesota.....	9.8 (o)	----- Flat Rate -----		1	9.8 (o)	...
Mississippi.....	3.0–5.0	5,000	10,001	3	3.0–5.0	...
Missouri.....	6.25	----- Flat Rate -----		1	7.0	★(j)
Montana.....	6.75 (p)	----- Flat Rate -----		1	6.75 (p)	...
Nebraska.....	5.58–7.81	100,000		2	(a)	...
Nevada.....	----- No corporate income tax -----					
New Hampshire.....	8.5 (q)	----- Flat Rate -----		1	8.5 (q)	...
New Jersey.....	9.0 (r)	----- Flat Rate -----		1	9.0 (r)	...
New Mexico.....	4.8–7.6	500,000	1 million	3	4.8–7.6	...
New York.....	7.1 (s)	----- Flat Rate -----		1	7.1 (s)	...
North Carolina.....	6.9	----- Flat Rate -----		1	6.9 (t)	...
North Dakota.....	2.1–6.4	25,000	50,001	3	7.0 (b)	★
Ohio.....	----- (u) -----					
Oklahoma.....	6.0	----- Flat Rate -----		1	6.0	...
Oregon.....	6.6–7.6 (v)	250,000		2	6.6–7.6 (v)	...
Pennsylvania.....	9.99	----- Flat Rate -----		1	(a)	...
Rhode Island.....	9.0 (w)	----- Flat Rate -----		1	9.0 (w)	...
South Carolina.....	5.0	----- Flat Rate -----		1	4.5 (x)	...
South Dakota.....	6.0–0.25% (b)	...
Tennessee.....	6.5	----- Flat Rate -----		1	6.5	...
Texas.....	----- (y) -----					
Utah.....	5.0 (b)	----- Flat Rate -----		...	5.0 (b)	...
Vermont (b).....	6.0–8.5 (b)	10,000	250,000	3	(a)	...
Virginia.....	6.0	----- Flat Rate -----		1	6.0	...
Washington.....	----- No corporate income tax -----					
West Virginia.....	8.5 (z)	----- Flat Rate -----		1	8.5 (z)	...
Wisconsin.....	7.9	----- Flat Rate -----		1	7.9	...
Wyoming.....	----- No corporate income tax -----					
Dist. of Columbia.....	9.975 (b)	----- Flat Rate -----		1	9.975 (b)	...

See footnotes at end of table.

RANGE OF STATE CORPORATE INCOME TAX RATES—Continued

(For tax year 2011, as of January 1, 2011)

Source: Compiled by the Federation of Tax Administrators from various sources January 2011.

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 \$50 in Arizona, \$100 in District of Columbia, \$50 in North Dakota (banks), \$500 in Rhode Island, \$200 per location in South Dakota (banks), \$100 in Utah, \$250 in Vermont.

(c) The minimum corporation franchise tax in California is \$800. The additional alternative minimum tax is levied at a 6.65% rate.

(d) 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).

(e) The Delaware Bank marginal rate decreases over four brackets ranging from \$20 to \$650 million in taxable income. Building and loan associations are taxed at a flat 8.7%.

(f) An exemption of \$5,000 is allowed. Florida's Alternative Minimum Tax rate is 3.3%.

(g) 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).

(h) 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).

(i) 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%. Tax rate increased from 7.3% on 1/1/11.

(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) In 2012, the Massachusetts tax rate on business and manufacturing corporations is scheduled to fall to 8.0% and the rate on financial institutions to 9.0%. 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) The Michigan Business Tax is levied at rate of 4.95% on income plus 0.8% on modified gross receipts; there is a 21.99% surcharge, capped

at \$6 million per year. The tax applies to businesses with gross receipts of \$350,000 or more.

(o) In addition, Minnesota levies a 5.8% tentative minimum tax on Alternative Minimum Taxable Income.

(p) 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.

(q) New Hampshire's 8.5% 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.

(r) 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.

(s) New York's General business corporate rate shown. Corporations may also be subject to AMT tax at 1.5% (3% banks), or a capital stocks tax. A minimum tax ranges from \$25 to \$5,000, depending on receipts (\$250 minimum for banks). Certain qualified New York manufacturers pay 6.5%. Small business taxpayers in New York pay rates of 6.5%, 7.1%, and 4.35% on three brackets of entire net income up to \$390,000.

(t) In North Carolina financial institutions are also subject to a tax equal to \$30 per one million in assets.

(u) 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.

(v) 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.

(w) Rhode Island's tax is the greater of 9% of net income or an alternative annual franchise tax at the rate of \$2.50 per \$10,000 of authorized capital stock (valued at a minimum of \$100/share) with a minimum tax of \$500.

(x) South Carolina taxes savings and loans at a 6% rate.

(y) Texas imposes a Franchise Tax, otherwise known as margin tax, imposed on entities with more than \$1,000,000 total revenues at rate of 1%, or 0.5% 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.

(z) West Virginia's corporate rate is scheduled for reduction as follows: 7.75% after 2011, 7.0% after 2012, 6.5% after 2013.