CORPORATION INCOME TAX RATES FOR 2007

¶ 33 Corporations

2007

Taxable Income Over	But Not Over	Pay	+	% on Excess	of the amount over—
$0—	$50,000	$0		15%	$0
50,000—	75,000	7,500		25	50,000
75,000—	100,000	13,750		34	75,000
100,000—	335,000	22,250		39	100,000
335,000—	10,000,000	113,900		34	335,000
10,000,000—	15,000,000	3,400,000		35	10,000,000
15,000,000—	18,333,333	5,150,000		38	15,000,000
18,333,333—	. . . .			35	0

Taxable income of certain personal service corporations is taxed at a flat rate of 35%. See ¶ 219.

¶ 34 Controlled Group of Corporations

A controlled group of corporations is subject to the same rates as those listed above as though the group was one corporation. See ¶ 289.

¶ 35 Personal Holding Companies

In addition to regular corporate income taxes, a special tax is imposed on any corporation which is a personal holding company. For tax years beginning in 2007, the additional tax is 15% of the corporation's undistributed personal holding company income. See ¶ 275.

¶ 36 Insurance Companies and Regulated Investment Companies

The regular corporate tax rates apply to an insurance company's taxable income (see ¶ 2370 and ¶ 2378). In the case of regulated investment companies, the corporate tax rates apply to investment company taxable income. See ¶ 2303.

¶ 37 Accumulated Earnings Tax

In addition to regular corporate income taxes, a corporation may be subject to a special tax on its accumulated taxable income. For tax years beginning in 2007, the tax is 15% of the corporation's accumulated taxable income. A corporation is entitled to a $250,000 accumulated earnings credit ($150,000 for personal service corporations) against the tax. See ¶ 251.

¶ 38 Foreign Corporations

The income of a foreign corporation that is not effectively connected with a U.S. trade or business is taxed at a rate of 30%. Domestic corporate rates apply to the income of a foreign corporation that is effectively connected with a U.S. trade or business. See ¶ 2425.

¶ 39 Real Estate Investment Trusts

A real estate investment trusts will be subject to regular corporate income tax rates on its "real estate investment trust taxable income." See ¶ 2329.

CCH-EXP, Multistate Charts , ¶600-200 **Apportionment Formulas**

A state is allowed by the U.S. Constitution to tax the income of a multistate corporation if the state applies a formula that fairly apportions a percentage of the corporation's income attributable to business activities inside and outside the state. An apportionment formula must have both internal and external consistency to satisfy the fairness requirement. An apportionment formula has internal consistency if the tax is structured so that every jurisdiction could impose an identical tax and no multiple taxation would occur. An apportionment formula has external consistency if the factors used in the formula reflect a reasonable sense of how income is generated.

At one time, most states utilized the evenly weighted three-factor apportionment formula promulgated under the Uniform Division of Income for Tax Purposes Act (UDITPA), which consists of property, payroll, and sales (or receipts) factors. However, the number of states that still weight each factor equally is decreasing. Many states have an apportionment formula with a double weighted sales factor. In addition, the number of states that have adopted a one-factor sales formula is growing.

This chart shows the standard apportionment formulas used in each state. Special apportionment rules that apply to specific industries, such as manufacturers, financial institutions, insurance companies, and transportation companies, are not included in the chart.

States that do not impose a corporate income tax are not included in this chart.

State	Formula
Alabama	Evenly weighted three-factor formula.
Alaska	Evenly weighted three-factor formula.
Arizona	Three-factor formula with double-weighted sales factor or enhanced sales factor formula 60-20-20 (sales, property, and payroll). Corporations may elect to use an apportionment formula with an enhanced sales factor equal to 70% for 2008 and 80% for tax years after 2008.
Arkansas	Three-factor formula with double-weighted sales factor.
California	Three-factor formula with double-weighted sales factor.
Colorado	Option between evenly weighted three-factor formula and evenly weighted two-factor formula of revenue and property.

Connecticut	One-factor gross receipts formula for income other than that derived from the sale or use of tangible personal or real property, and three-factor formula with double-weighted sales factor for income derived from the sale or use of tangible personal or real property.
Delaware	Evenly weighted three-factor formula.
District of Columbia	Evenly weighted three-factor formula.
Florida	Three-factor formula with double-weighted sales factor.
Georgia	Three-factor formula 90-5-5 (sales, property, payroll). After December 31, 2007, one-factor sales formula. Three-factor formula 80-10-10 (sales, property, payroll) or tax year 2006. Prior to 2006, three-factor formula with double-weighted sales factor.
Hawaii	Evenly weighted three-factor formula.
Idaho	Three-factor formula with double-weighted sales factor.
Illinois	One-factor sales formula.
Indiana	Three-factor formula 60-20-20 (sales, property, payroll). Property and payroll factors phased out by 10% each year from 2008 through 2011. Single sales factor apportionment formula effective in tax year 2011. Three-factor formula with double-weighted sales factor prior to 2007.
Iowa	One-factor sales formula.
Kansas	Evenly weighted three-factor formula.
Kentucky	Three-factor formula with double-weighted sales factor.
Louisiana	Evenly weighted three-factor formula consisting of sales, property, and payroll for corporations without a specified formula (i.e., businesses other than manufacturing, merchandising, transportation, or services, etc).

Maine	One-factor sales formula. Three-factor formula with double-weighted sales factor prior to 2007.
Maryland	Three-factor formula with double-weighted sales factor and one-factor sales formula for manufacturers.
Massachusetts	Three-factor formula with double-weighted sales factor.
Michigan	Three-factor formula 92.5-3.75-3.75 (sales-payroll-property) for purposes of computing Single Business Tax (SBT). One-factor sales formula for purposes of computing Michigan Business Tax (MBT), effective for tax years after 2007. Three-factor formula 90-5-5 (sales-payroll-property) for tax years prior to 2006.
Minnesota	Three-factor formula 78-11-11 (sales, property, payroll) ; 81-9.5-9.5 (sales, property, payroll) after 2007; 84-8-8 (sales, property, payroll) after 2008; 87-6.5-6.5 (sales, property, payroll) after 2009; 90-5-5 (sales, property, payroll) after 2010; 93-3.5-3.5 (sales, property, payroll) after 2011; 96-2-2 (sales, property, payroll) after 2012; one-factor sales factor after 2013. Three-factor formula 75-12.5-12.5 (sales-payroll-property) prior to 2007.
Mississippi	No general apportionment formula. One-factor sales formula for taxpayers that are not required to use a designated apportionment formula based on specific type or line of in-state business activity.
Missouri	Evenly-weighted three-factor formula or optional one-factor sales formula for corporations other than certain public utilities and transportation companies.
Montana	Evenly weighted three-factor formula.
Nebraska	One-factor sales formula.
New Hampshire	Three-factor formula with double-weighted sales factor.

New Jersey	Three-factor formula with double-weighted sales factor.
New Mexico	Evenly weighted three-factor formula.
New York	One-factor receipts formula. Three-factor formula 60-20-20 (receipts, property, payroll) for tax year 2006. Three-factor formula with a double-weighted receipts factor for tax years prior to 2006.
North Carolina	Three-factor formula with double-weighted sales factor.
North Dakota	Evenly weighted three-factor formula.
Ohio	Three-factor formula with triple-weighted sales factor.
Oklahoma	Evenly weighted three-factor formula; corporations meeting investment criteria allowed to double-weight the sales factor.
Oregon	One-factor sales formula. Three-factor formula 80-10-10 (sales-property-payroll), before July 1, 2005
Pennsylvania	Three-factor formula 70-15-15 (sales, property, payroll). Three-factor formula with triple-weighted sales factor prior to 2007.
Rhode Island	Evenly weighted three-factor formula.
South Carolina	Single-factor gross receipts formula. Manufacturers or dealers in tangible personal property must compute apportionment using the new single-factor gross receipts formula and the old three-factor formula with double weighted sales. If the single-factor formula results in a reduction in income allocated to the state, only 20% of the reduction is allowed for 2007; 40% for 2008; 60% for 2009; and 80% for 2010.
Tennessee	Three-factor formula with double-weighted sales factor.

Texas	One-factor gross receipts formula.
Utah	Evenly weighted three-factor formula, unless election is made for tax years after 2005 to use apportionment formula with double weighted sales factor.
Vermont	Three-factor formula with double-weighted sales factor. Evenly weighted three-factor formula for tax years prior to 2006.
Virginia	Three-factor formula with double-weighted sales factor.
West Virginia	Three-factor formula with double-weighted sales factor.
Wisconsin	Three-factor formula 80-10-10 (sales, property, payroll). After 2007, one-factor sales formula.