

APPENDIX A

TABLE 3

Corporation Tax

SYNOPSIS OF TAX RATES

FOOTNOTES

- a. In 1936, the bank and corporation franchise tax was extended to public utilities, which were previously taxed on gross receipts.
- b. Temporary provisions were enacted during World War II to reduce the franchise tax rate by 15%. This temporary reduction applied to taxable years ending in 1943 through taxable years ending in 1948.
- c. The tax rate increase was effective for income earned on or after January 1, 1959. The minimum franchise tax increased to \$100, and was subsequently reduced to \$25 for credit unions with \$20,000 or less gross income, and for gold mining companies inactive since 1950.
- d. The tax rate increase was effective for income earned on or after January 1, 1967.
- e. The tax rate increase was effective for taxable years ending after December 31, 1971. The minimum tax increased from \$100 to \$200 (Stats. 1971, [First Extraordinary Session] Ch.1).
- f. The general tax rate for corporations was increased from 7.6% on July 1, 1973, to reach the full 9% on a monthly prorated basis with taxable years ending June 30, 1974 and thereafter. For 1973 calendar year corporations, the general tax rate was 8.3% and the bank and financial tax rate was 12.3% (Stats. 1972, Ch. 1406). The general tax rate was increased from 9% to 9.6% on January 1, 1980, to reach the full 9.6% on a monthly prorated basis with taxable years ending December 31, 1980 and thereafter (Stats. 1979, Ch. 1150).
- g. The tax rate was decreased from 9.6% to 9.3% operative for taxable years beginning on or after January 1, 1987. The minimum franchise tax was increased from \$200 to \$300 for taxable years beginning after December 31, 1986, to \$600 for taxable years beginning after December 31, 1988, and \$800 for taxable years beginning after December 31, 1989 (Stats. 1987, Ch. 1139). For taxable years beginning on or after January 1, 1990, credit unions were no longer required to pay minimum franchise tax (Stats. 1989, Ch. 1222).
- h. The in-lieu rate was statutorily set at 2% for taxable years ending in 1980 and 1981 (Stats. 1979, Ch. 1150), and for taxable years 1994, 1995, and 1996 (Stats. 1993, Ch. 31).
- i. For taxable years beginning on January 1, 1997, the regular top marginal tax rate was reduced from 9.3% to 8.84% (Stats. 1996, Ch. 170).
- * The minimum franchise tax does not apply to corporations subject to the income tax rather than the franchise tax. Banks were exempted from the minimum franchise tax until 1980.
- ** The preference tax was replaced with an alternative minimum tax effective for taxable years beginning on or after January 1, 1987 (Stats. 1987, Ch. 1139).