

Corporate Minimum Tax

What is the corporate minimum tax?

Under current law, C-corporations who do not have a tax liability (or have a tax liability less than the minimum tax) are required to pay the corporate minimum tax (CMT). The tax is as follows:

- For corporations with Vermont gross receipts less than \$2 million, the CMT is \$300
- For corporations with Vermont gross receipts greater than \$2 million but less than \$5 million, the CMT is \$500.
- For corporations with Vermont gross receipts greater than \$5 million, the CMT is \$750.

For farm corporations, the CMT is \$75.

Who pays the corporate minimum tax?

Under current law, about 75%-80% of all corporate tax filers pay the minimum tax. It raises about \$2.5 million per year. The share of filers who pay the minimum tax varies depending upon the size of the company.

Corporate Minimum Tax Payers by Gross Receipts (note: under current law, not single sales factor)						
Gross Receipts Range	# Minimum Tax Payers			% of returns paying Min Tax		
	2018	2019	2020 (as of end-Dec)	2018	2019	2020 (as of end-Dec)
Less than \$100,000	7,548	8,452	6,222	90%	93%	91%
\$100,000-\$200,000	630	587	464	70%	63%	64%
\$200,000-\$500,000	723	673	536	59%	54%	59%
\$500,000-\$1 million	457	378	301	52%	47%	52%
\$1 million-\$1.5 million	190	197	152	47%	47%	50%
\$1.5 million to \$3 million	283	233	197	46%	40%	47%
\$3 million to \$5 million	152	149	90	42%	41%	38%
\$5 million+	304	253	155	41%	36%	32%
TOTAL	10,287	10,922	8,117	76%	77%	78%

Source: VT Department of Taxes

How does S.53 change the corporate minimum tax?

S.53 creates new brackets for the corporate minimum tax, from 3 to 5. The minimum tax is lowered for the smallest corporations (under \$100,000 in Vermont gross receipts) and raised for others.

S.53 CMT Proposal	
Vermont Gross Receipts	Minimum Rate
Under \$100k	\$250
\$100k-\$1 million	\$500
\$1 million to \$5 million	\$2,000
\$5 million to \$300 million	\$6,000
\$300 million+	\$100,000

How much does S.53 raise?

JFO estimates that the CMT proposal will raise \$4 million for a full year of implementation. Revenue raised will depend upon effective dates.

What do other states do?

Corporate minimum taxes vary by state. They can be as low as \$20 (Idaho) to greater than \$200,000 for large corporations in New York.

Survey of State Corporate Minimum Taxes	
State	Minimum Tax
Massachusetts	\$456 or 0.26% of tangible property
Maine	5.4% of alternative taxable income. Repealed for 2018
New Hampshire	Repealed in 2018.
New York	Differing amounts based upon gross receipts. Starts at \$75 for under \$100,000 in NY receipts and goes to \$200,000 for those with over \$1 billion
Connecticut	\$250 for all corporations
Rhode Island	\$400 for all corporations
New Jersey	Varied depending on gross receipts. Less than \$100,000 is \$500. More than \$1 million, is \$2,000
West Virginia	\$50 for all corporations on corporate franchise tax
Minnesota	Varies depending on total minnesota payroll, property and sales. Ranges from \$0 for less than \$1.04 million to \$10,380 for over \$41.5 million
Kentucky	\$175 for all corporations and limited liability companies
Delaware	\$175 plus a \$50 filing fee
Oregon	Minimum based upon Oregon gross receipts. Ranges from \$150 for under \$500,000 to \$100,000 for sales of greater than \$100 million
Iowa	AMT based upon Federal AMT. 7.2% rate
Arizona	\$50 for all corporations
California	\$800 for all corporations
Idaho	\$20 for all corporations
Montana	\$50 for all corporations
Utah	\$100 for all corporations

New York's CMT is listed below:

For a corporation with New York State receipts of:	Tax
Not more than \$100,000	\$25
More than \$100,000 but not over \$250,000	\$75
More than \$250,000 but not over \$500,000	\$175
More than \$500,000 but not over \$1,000,000	\$500
More than \$1,000,000 but not over \$5,000,000	\$1,500
More than \$5,000,000 but not over \$25,000,000	\$3,500
More than \$25,000,000 but not over \$50,000,000	\$5,000
More than \$50,000,000 but not over \$100,000,000	\$10,000
More than \$100,000,000 but not over \$250,000,000	\$20,000
More than \$250,000,000 but not over \$500,000,000	\$50,000
More than \$500,000,000 but not over \$1,000,000,000	\$100,000
Over \$1,000,000,000	\$200,000