



OLR RESEARCH REPORT

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COMPARISON OF TAX RATES IN CONNECTICUT AND MASSACHUSETTS

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You asked for a table comparing tax rates in Connecticut and Massachusetts.

Attachment 1 compares tax rates in Connecticut and Massachusetts for the following taxes: personal income, sales and use, corporation income, business entity, insurance premium, real estate conveyance, estate, gift, alcoholic beverages, cigarettes, tobacco products, and motor fuels. The table includes only the tax rate and basis for each tax. It does not include other provisions that could affect the amount of taxes an individual or business taxpayer must pay (e.g., exemptions, deductions, credits, and apportionment formulas).

ATTACHMENT 1: CONNECTICUT AND MASSACHUSETTS TAX RATES

TAX TYPE	CONNECTICUT	MASSACHUSETTS
PERSONAL INCOME		
<i>Rates</i>	<p>Marginal rates range from 3% to 6.7%, depending on taxable income and filing status</p> <p>For taxpayers with higher Connecticut adjusted gross income (CT AGI), the amount of income taxed at the lowest rate (3%) phases out, thus subjecting more income to the next highest (5%) rate</p> <p>For taxpayers with CT AGI exceeding specified thresholds, recapture amounts are phased in until 100% of a taxpayer's taxable income is effectively taxed at the highest marginal rate</p>	Flat 5.25% (12% on certain capital gains)
SALES AND USE		
<i>General Rate</i>	6.35% on sales of goods and specified services (7% on certain luxury items)	6.25% on sales of goods and specified services (0.75% local option meals tax)
<i>Room Occupancy Rate</i>	15%	5.7% (up to 6% at local option; 6.5% in Boston; specified municipalities add a 2.75% convention center financing fee)
CORPORATION INCOME		
<i>Rate and Basis</i>	<p>Greater of:</p> <ul style="list-style-type: none"> • 7.5% of net income, • 3.1 mils per dollar of capital base, or • \$250 minimum tax. <p>20% surcharge applies for income years 2012 through 2015</p> <p>Financial services companies are excluded from the capital base method, but are subject to the minimum tax</p>	<p>8% of net income plus \$2.60 per \$1,000 on (1) taxable property, or (2) for intangible property corporations (i.e., corporations with less than 10% of their total assets comprised of Massachusetts situated tangible property that is not subject to local taxation), net worth allocable to the state</p> <p>\$256 minimum tax</p> <p>Other rates and bases apply to specific types of companies, including financial institutions</p>
BUSINESS ENTITY		
<i>Rate</i>	\$250 every other year, for tax years beginning on or after January 1, 2013	N/A
INSURANCE PREMIUM		
<i>Rate and Basis</i>	<ul style="list-style-type: none"> • 1.75% of net direct premiums received by domestic and foreign insurance companies • 4% of gross premiums charged by nonadmitted (i.e., unauthorized) insurers • 1.75% of net direct subscriber charges of health care centers 	<ul style="list-style-type: none"> • 2.28% of taxable premiums received by domestic and foreign casualty insurers and preferred provider arrangements • 0.0% to 1.0% of gross investment income for domestic casualty insurers • 2.0% of taxable premiums received by domestic and foreign life insurers • 5.7% of taxable underwriting profit on ocean marine insurance
REAL ESTATE CONVEYANCE		
<i>Rate</i>	1% to 1.75%, depending on property type and location	\$2.28 per \$500 of sales price (0.456%); \$6.12 per \$1,000 in Barnstable County (0.612%)
ESTATE		
<i>Rate and Threshold</i>	Marginal rates range from 7.2% to 12% (\$2 million threshold)	Marginal rates range from 0.8% to 16% (\$1 million threshold)

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TAX TYPE	CONNECTICUT	MASSACHUSETTS
GIFT		
<i>Rate and Threshold</i>	Marginal rates range from 7.2% to 12% (\$2 million threshold)	N/A
ALCOHOLIC BEVERAGES		
<i>Still wines (wine gal.)</i>	\$0.72	\$0.55
<i>Still wines produced by small wineries (wine gal.)</i>	0.18	0.55
<i>Fortified and sparkling wines (wine gal.)</i>	1.80	0.70
<i>Beer/Malt liquors (barrel)</i>	7.20	3.30
<i>Distilled liquors (wine gal.)</i>	5.40	4.05
<i>Liquor coolers (wine gal.)</i>	2.46	1.10
<i>Alcohol – more than 100 proof (proof gal.)</i>	5.40	4.05
CIGARETTES		
<i>Per pack of 20</i>	\$3.40	\$3.51 (effective July 31, 2013)
TOBACCO PRODUCTS		
<i>Snuff tobacco (smokeless tobacco)</i>	\$1 per ounce	160% of the wholesale price (effective July 31, 2013)
<i>Cigars & smoking tobacco</i>	50% of the wholesale price, except tax on cigars capped at 50 cents each	40% of the wholesale price (effective July 31, 2013)
MOTOR FUELS		
<i>Gasoline (cents per gallon)</i>	\$0.25 (plus 8.1% petroleum products gross earnings tax)	\$0.24 (effective July 31, 2013)
<i>Diesel (cents per gallon)</i>	\$0.549	\$0.24 (effective July 31, 2013)

RP:ts