



COMPARISON OF TAX RATES IN CONNECTICUT AND MASSACHUSETTS

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ISSUE

Compare state tax rates in Connecticut and Massachusetts.

TAX RATE COMPARISON

Table 1 compares tax rates in Connecticut and Massachusetts for state taxes affecting a broad range of taxpayers. 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).

Table 1: Connecticut and Massachusetts Tax Rates

<i>Tax</i>	<i>Connecticut</i>	<i>Massachusetts</i>
PERSONAL INCOME	Marginal rates range from 3% to 6.99%, depending on taxable income and filing status 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 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	Flat 5.15% (12% on certain capital gains)
SALES AND USE	6.35% on sales of goods and specified services 1% on computer and data processing services 7.75% on certain luxury items	6.25% on sales of goods and specified services 0.75% local option meals tax
ROOM OCCUPANCY	15% on charges for room occupancy of 30 days or less	5.7% on charges for room occupancy of 90 days or less Additional local option tax of up to 6% (6.5% in Boston); specified municipalities add a 2.75% convention center financing fee



Table 1 (continued)

Tax	Connecticut	Massachusetts
CORPORATION INCOME	<p>Greater of:</p> <ul style="list-style-type: none"> • 7.5% of net income, • 3.1 mills per dollar of capital base, or • \$250 minimum tax. <p>20% surcharge applies for 2016 and 2017; 10% surcharge for 2018</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 of taxable property or net worth</p> <p>\$456 minimum tax</p> <p>Other rates and bases apply to specific types of companies, including financial institutions</p>
BUSINESS ENTITY¹	\$250 every other year	N/A
INSURANCE PREMIUM	<p>1.75% of net direct premiums received by domestic and foreign insurance companies</p> <p>4% of gross premiums charged by nonadmitted (i.e., unauthorized) insurers</p> <p>1.75% of net direct subscriber charges of health care centers</p>	<p>2.28% of taxable premiums received by domestic and foreign casualty insurers and preferred provider arrangements</p> <p>0.0% to 1.0% of gross investment income for domestic casualty insurers</p> <p>2.0% of taxable premiums received by domestic and foreign life insurers</p> <p>5.7% of taxable underwriting profit on ocean marine insurance</p>
REAL ESTATE CONVEYANCE	1% to 1.75% of sales price, depending on property type and location	\$4.56 per \$1,000 of sales price (0.456%); \$6.12 per \$1,000 in Barnstable County (0.612%)
ESTATE	For estates over \$2 million, marginal rates range from 7.2% to 12%	For estates over \$1 million, marginal rates range from 0.8% to 16%
GIFT	For gifts over \$2 million, marginal rates range from 7.2% to 12%	N/A
ALCOHOLIC BEVERAGES	\$0.72 per wine gallon of still wine	\$0.55 per wine gallon of still wine
	\$0.18 per wine gallon of still wine produced by small wineries	\$0.55 per wine gallon of still wine produced by small wineries
	\$1.80 per wine gallon of fortified and sparkling wine	\$0.70 per wine gallon of fortified and sparkling wine
	\$7.20 per barrel of beer and malt liquor	\$3.30 per barrel of beer and malt liquor
	\$5.40 per wine gallon of distilled liquor	\$4.05 per wine gallon of distilled liquor
	\$2.46 per wine gallon of liquor coolers	\$1.10 per wine gallon of liquor coolers
	\$5.40 per proof gallon of alcohol (more than 100 proof)	\$4.05 per proof gallon of alcohol (more than 100 proof)

¹ Applies to business organizations organized as limited liability companies, limited liability partnerships, limited partnerships, and S corporations (i.e., pass-through entities)

Table 1 (continued)

<i>Tax</i>	<i>Connecticut</i>	<i>Massachusetts</i>
CIGARETTES	\$3.65 per pack of 20 (\$3.90 beginning July 1, 2016)	\$3.51 per pack of 20
TOBACCO PRODUCTS	\$1 per ounce of snuff tobacco	210% of the wholesale price of snuff tobacco
	50% of the wholesale price of cigars and smoking tobacco, except tax on cigars capped at 50 cents each	40% of the wholesale price of cigars and smoking tobacco
MOTOR FUELS	\$0.25 per gallon of gasoline (plus 8.1% petroleum products gross earnings tax)	\$0.24 per gallon of gasoline
	\$0.503 per gallon of diesel	\$0.24 per gallon of diesel

Sources: CCH *State Tax Guide* and state tax department websites

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