

1 H.94

2 Introduced by Representative Branagan of Georgia

3 Referred to Committee on

4 Date:

5 Subject: Taxation; corporate tax; rates; minimum tax

6 Statement of purpose: This bill proposes to eliminate the corporate
7 minimum tax.

8 An act relating to the corporate minimum tax

9 It is hereby enacted by the General Assembly of the State of Vermont:

10 Sec. 1. 32 V.S.A. § 5832 is amended to read:

11 § 5832. TAX ON INCOME OF CORPORATIONS

12 A tax is imposed for each calendar year, or fiscal year ending during that
13 calendar year, upon the income earned or received in that taxable year by every
14 taxable corporation, reduced by any Vermont net operating loss allowed under
15 section 5888 of this title, such tax being the greater of:

16 (1) an amount determined in accordance with the following schedule:

1 Vermont net income of the
2 corporation for the taxable year
3 allocated or apportioned to Vermont
4 under section 5833 of this title

	Tax
5 \$ 0–10,000.00	6.00%
6 10,001.00–25,000.00	\$600.00 plus 7.0% of the
7	excess over \$10,000.00
8 25,001.00 and over	\$1,650.00 plus 8.5% of
9	the excess over
10	\$25,000.00

11 or

12 ~~(2)(A) \$75.00 for small farm corporations. “Small farm corporation”~~
13 ~~means any corporation organized for the purpose of farming, which during the~~
14 ~~taxable year is owned solely by active participants in that farm business and~~
15 ~~receives less than \$100,000.00 gross receipts from that farm operation,~~
16 ~~exclusive of any income from forest crops; or~~

17 ~~(B) An amount determined in accordance with section 5832a of this~~
18 ~~title for a corporation which qualifies as and has elected to be taxed as a digital~~
19 ~~business entity for the taxable year; or~~

20 ~~(C) \$250.00 for all other corporations.~~

1 Sec. 2. 32 V.S.A. § 5832a is amended to read:

2 § 5832a. DIGITAL BUSINESS ENTITY FRANCHISE TAX

3 (a) There is imposed upon every business entity which qualifies as and has
4 elected to be taxed as a digital business entity an annual franchise tax equal to:

5 (1) ~~the greater of~~ 0.02 percent of the current value of the tangible and
6 intangible assets of the company ~~or \$250.00~~, but in no case more than
7 \$500,000.00; or

8 (2) ~~where the authorized capital stock does not exceed 5,000 shares,~~
9 ~~\$250.00~~; where the authorized capital stock exceeds 5,000 shares but is not
10 more than 10,000 shares, \$500.00; and the further sum of \$250.00 on each
11 10,000 shares or part thereof.

12 (b) In no case shall the tax on any corporation for a full taxable year,
13 whether computed under subdivision (a)(1) or (2) of this section, be more than
14 \$500,000.00 ~~or less than \$250.00~~.

15 (c) In the case of a corporation that has not been in existence during the
16 whole year, the amount of tax due, at the foregoing rates and as provided, shall
17 be prorated for the portion of the year during which the corporation was in
18 existence.

19 (d) In the case of a corporation changing during the taxable year the
20 amount of its authorized capital stock, the total annual franchise tax payable at
21 the foregoing rates shall be arrived at by adding together the franchise taxes

1 calculated pursuant to subdivision (a)(2) of this section as prorated for the
2 several periods of the year during which each distinct authorized amount of
3 capital stock was in effect.

4 (e) For the purpose of computing the taxes imposed by this section, the
5 authorized capital stock of a corporation shall be considered to be the total
6 number of shares that the corporation is authorized to issue without regard to
7 whether the number of shares that may be outstanding at any one time is
8 limited to a lesser number.

9 (f) The franchise tax under this section shall be reported and paid in the
10 same manner as the tax under subdivision 5832(2)(B) of this title; provided,
11 however, that an electing corporation shall also provide the commissioner with
12 a copy of its federal tax return.

13 Sec. 3. REPEAL

14 The following sections in Title 32 are repealed:

15 (1) § 5915 (minimum tax for certain corporations).

16 (2) § 5921 (minimum tax for partnerships or limited liability
17 companies).

18 Sec. 4. EFFECTIVE DATE

19 This act shall take effect in taxable year 2012 and after.