



Corporate Taxation System in the US

National Corporate Income Tax Rate at a Glance

Corporate income tax rate	35% (a)
Corporate capital gains tax rate	35% (b)
Branch tax rate (c)	35% (a/b)
Withholding tax (d)	
Dividends	30% (e)
Interest	30% (e/f)
Royalties from patents and licenses	30% (e)
Branch remittance tax	30% (g/d)
Net operating losses (years)	
Carryback	2 (h)
Carryforward	20 (h)

- (a) Corporate tax rates are graduated to a maximum of 35 percent, which applies to taxable income in excess of US \$10,000,000. An alternative minimum tax may apply instead. Many states also levy a tax measured by income or capital. A 15 percent or lower federal rate on certain dividend income generally applies only to U.S. individuals until 2009. Corporations receiving dividends from another corporation are allowed a deduction for a percentage of the dividend received.
- (b) U.S. individual's capital gains and foreign individual's effectively connected capital gains are taxed at lower rates.
- (c) Generally imposed on foreign corporation's net earnings connected with a U.S. trade or business. Maximum foreign individual's rates on effectively connected income are higher.
- (d) Rates may be reduced by a treaty.
- (e) Generally applicable on payments to nonresidents (including foreign entities and noncitizens).
- (f) Interest on certain "portfolio debt" obligations issued after July 18, 1984, and on noneffectively connected bank deposit interest are exempt from withholding tax.
- (g) Referred to as the "branch profits tax" and generally imposed upon effectively connected earnings and profits of the branch without regard to remittance.
- (h) Special rules may apply to certain types of losses and entities.

Source: KPMG LLP (U.S.)

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