

Corporate Income Tax

Arizona has a flat-rate corporate income tax that was lowered in January 2001 to 6.968 percent. A \$50 minimum tax liability is imposed for each tax period. The tax base starts with Arizona gross income, which is equal to federal taxable income plus the federal deduction taken for state taxes paid. Arizona gross income is then adjusted by a number of additions and subtractions to arrive at taxable income.

The following tax credits are available to qualifying corporations:

- Enterprise Zone
- Military Reuse Zones
- Correctional Industries
- Qualified Defense Contractors
- Construction Materials
- Research and Development Expenses
- Recycling Equipment
- Pollution Control Equipment
- Agricultural Pollution Control Equipment
- Agricultural Water Conservation Systems
- Underground Storage Tanks
- Solar Power and Electric Vehicle Equipment
- Alternative Fuel Vehicle
- Employment of Former “Temporary Aid for Needy Families” Recipients
- Environmental Technology Facility
- Neighborhood Electric Fuel Vehicle
- Various Contributions to Schools