

▲ TABLE 2A.1  
2013 Corporate Tax Rates

Taxable Income	Marginal Tax Rate	Tax Calculation Base Tax + (Marginal Tax Rate × Amount over Base Income)
Up to \$50,000	15%	\$ 0 + (15% × Amount over \$0)
\$50,001–\$75,000	25%	\$ 7,500 + (25% × Amount over \$50,000)
\$75,001–\$100,000	34%	\$ 13,750 + (34% × Amount over \$75,000)
\$100,001–\$335,000	39%*	\$ 22,250 + (39% × Amount over \$100,000)
\$335,001–\$10,000,000	34%	\$ 113,900 + (34% × Amount over \$335,000)
\$10,000,001–\$15,000,000	35%	\$ 3,400,000 + (35% × Amount over \$10,000,000)
\$15,000,001–\$18,333,333	38%**	\$ 5,150,000 + (38% × Amount over \$15,000,000)
Over \$18,333,333	35%	35% × Taxable Income

\*Includes additional 5% "recapture" tax under the Tax Reform Act of 1986.

\*\*Includes additional 3% "recapture" tax under the Revenue Reconciliation Act of 1993.

▲ TABLE 2A.2  
Computation of Corporate Income Taxes

Taxable Income	Marginal Tax Rate	Tax Calculation	Average Tax Rate
\$ 25,000	15%	\$0 + (.15 × \$25,000) = \$3,750	15%
75,000	25	\$7,500 + (.25 × \$25,000) = \$13,750	18.33
100,000	34	\$13,750 + (.34 × \$25,000) = \$22,250	22.25
250,000	39	\$22,250 + (.39 × \$150,000) = \$80,750	32.3
1,250,000	34	\$113,900 + (.34 × \$915,000) = \$425,000	34.0
2,500,000	34	\$113,900 + (.34 × \$2,165,000) = \$850,000	34.0
12,500,000	35	\$3,400,000 + (.35 × \$2,500,000) = \$4,275,000	34.2
17,500,000	38	\$5,150,000 + (.38 × \$2,500,000) = \$6,100,000	34.86
25,000,000	35	.35 × \$25,000,000 = \$8,750,000	35.0
\$125,000,000	35	.35 × \$125,000,000 = \$43,750,000	35.0

gains in the prior three years. Any remaining net capital loss may be carried forward for five years and applied against capital gains in those years.

### Dividend Income

Dividends received by a corporation are normally entitled to a 70 percent exclusion from federal income taxes. To illustrate, suppose that the Hastings Corporation owns stock in the Fremont Corporation and that Fremont pays \$100,000 in dividends to Hastings during 2013. Hastings has to pay taxes on only 30 percent of the \$100,000, or \$30,000. (The other 70 percent, or \$70,000, is excluded, that is, received tax-free. However, Fremont had to pay taxes on its income before paying the \$100,000 to Hastings, because dividends paid by a firm are not considered tax-deductible expenses.) The \$30,000 of