

Income Tax Rates

	C Corporation	PTE ⁽¹⁾ Non-Specified Trade or Business Temporary	PTE Specified Trade or Business Temporary	All PTEs Permanent 2026 and Beyond
Federal Corporate / Individual Tax Rate ⁽²⁾	21.0%	37.0%	37.0%	39.6%
State Tax Rate ⁽³⁾	10.0%	3.0%	3.0%	3.0%
Federal SALT Deduction ⁽⁴⁾	<u>21.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>39.6%</u>
Effective State Tax Rate	<u>7.9%</u>	3.0%	3.0%	1.8%
Net Investment Income Tax (NIIT) ⁽⁵⁾		<u>3.8%</u>	<u>3.8%</u>	<u>3.8%</u>
Combined Effective Tax Rate - PTE Service Business		43.8%	43.8%	45.2%
20% Qualified Business Income Deduction ⁽⁶⁾		<u>7.4%</u>	<u>0.0%</u>	
Combined Effective Tax Rate - PTE		36.4%	43.8%	45.2%
Combined Effective C Corporation Tax Rate	28.9%			

NOTES:

⁽¹⁾ PTE - Pass Through Entity

⁽²⁾ Individual tax rate assumed to be the highest bracket.

⁽³⁾ Assumes a state tax rate of 10% for C Corporations and 3% for S Corporations.

⁽⁴⁾ Assumes no deduction during the Temporary period through 2025 due to the State and Local Tax (SALT) limitation of \$10,000 in TCJA. Assumes the SALT is not limited by the AMT after 2025.

⁽⁵⁾ NIIT is assumed to be payable on first dollar for a passive investor.

⁽⁶⁾ Assumes overall taxable income for Specified Service Trade or Businesses is high enough to eliminate the QBI deduction.