

# Which State Has the Best Taxes for Small Businesses?



## The Small Business Tax Index

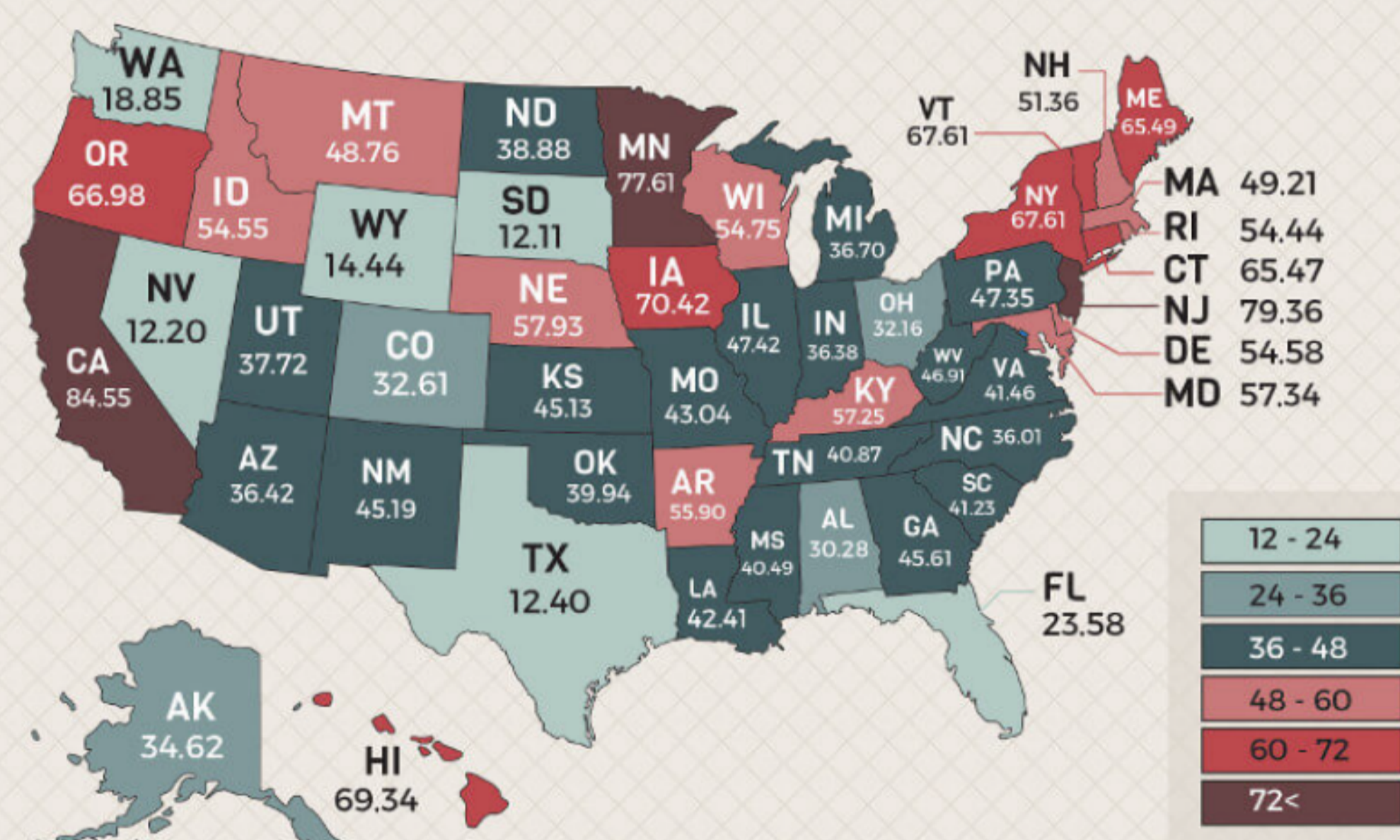
# 2016

Every year, the Small Business and Entrepreneurship (SBE) Council publishes a ranking system called the Small Business Tax Index (BTI).

In 2016, the BTI used 25 different factors including each state's highest personal income tax rate, individual capital gains tax rates, tax rates on dividends and interest, added income taxes for LLCs, and more.



ON THE MAP BELOW, GREENER STATES HAVE A LOWER BTI AND, IT IS IMPLIED, A BETTER STATE TAX SYSTEM.



### AT A GLANCE...

Three States with the Best State Tax Systems:



Three States with the Worst State Tax Systems:



## Personal Income Tax Rates by State

# 2016

According to the Small Business and Entrepreneurship Council,

**AROUND 94%**

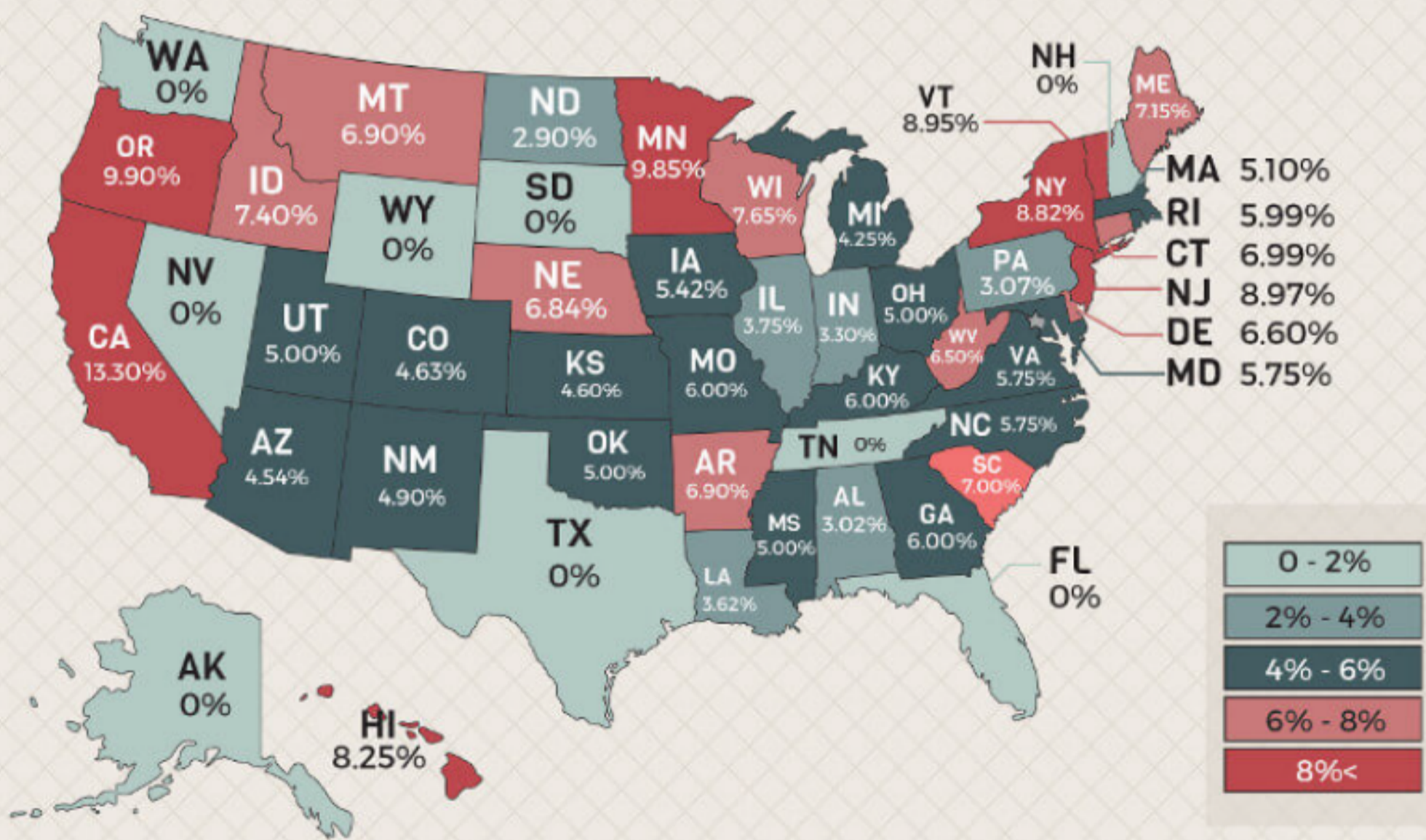
of businesses in the United States file their taxes as individuals.



These are your sole proprietorships, freelancers, partnerships, partnerships, and S-Corporations. Because these businesses file as individuals, personal income tax rates have a major impact on the amount of taxes they pay.

THE MAP BELOW MAKES USE OF EACH STATE'S MAXIMUM PERSONAL INCOME TAX RATE FROM 2016.

Green states had a lower maximum personal income tax rate, while red states had a higher rate. Thus, in green states a business that files as an individual would pay less taxes than a business in a red state.

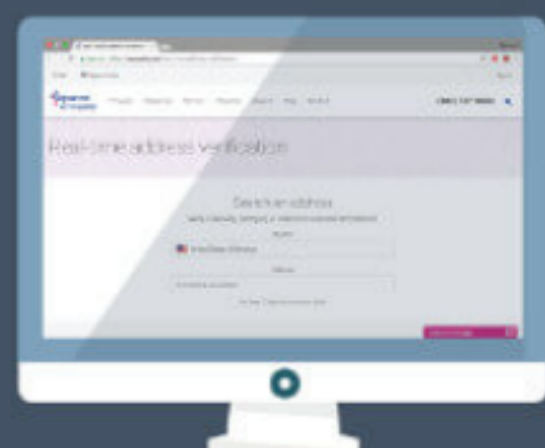


### AT A GLANCE...

The three states with the highest maximum personal income tax rate were:



In 2016, nine states did not have a personal income tax.



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