Connecticut

#46

Overall Rank	Corporate Tax Rank	Individual Income Tax Rank	Sales Tax Rank	Property Tax Rank	Unemployment Insurance Tax Rank
46 ▲ 1	30 ▲ 1	45 ▲ 1	20 ▲ 1	49 ▲ 1	38 ▲ 1

Connecticut's tax code includes all major tax types, and the state has historically ranked among the bottom 10 on the *Index*. Connecticut has one of the most complex and least neutral individual income tax systems in the nation, featuring seven tax brackets with a top marginal rate of 6.99 percent and a recapture provision that eliminates the benefit of lower brackets, effectively taxing all income at the taxpayer's highest marginal rate. Additionally, tax brackets and the personal exemption are not adjusted for inflation.

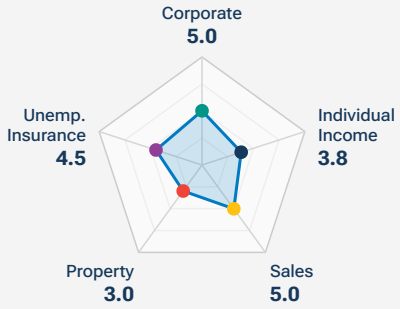
Connecticut's baseline corporate income tax rate is high at 7.5 percent, though still lower than in other New England states, such as Massachusetts and Vermont. However, the state imposes a 10 percent surtax on businesses with gross proceeds of $100 million or more, or those filing as part of a combined unitary group, which increases the total tax burden for large corporations. The state does not comply with federal bonus depreciation treatment, requiring businesses to add back any first-year expensing of capital investment taken at the federal level. A minimum tax is also imposed on corporations' capital stock. This provision was once slated for expiration, but the phaseout now extends until 2028, with the current rate at 0.16 percent. Connecticut does, however, forgo a harmful throwback rule and offers a 30-year net operating loss carryforward, although it caps NOLs at 50 percent in a given year.

The state's sales tax rate of 6.35 percent is competitive both nationally and regionally, but the base includes some business inputs and excludes many final consumption goods and services, which limits the revenue-generating potential and reduces the neutrality of the sales tax system.

Connecticut also has one of the highest property tax burdens in the nation (relative to personal income) and imposes harmful estate and gift taxes, making the state less attractive to homeowners and high-net-worth individuals.

Component scores

out of 10



Connecticut and its neighbors

Overall rank, 2027 Index, with change from 2026

Rhode Island	#39	▲ 1
Massachusetts	#45	▼ 1
Connecticut	**#46**	▲ 1
New York	#50	–