

Student's name

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Course

Date

Corporate Income Taxation

The taxation procedure may become challenging for a company due to complicated regulations and standards. In addition, taxation policies are regulated by two legislative forms, where the first one defines the type of business entity, and the second one determines tax rates based on income ("Business Taxes" 2019). Moreover, taxes apply to the shareholders' interests and payments so that large enterprises should consider this moment during a tax report calculation.

The current tax policies simplified the broader models of fiscal and monetary regulations, and offer a more concise definition of tax rates ("Instructions to Form 1120" 2018). The table below explains how taxes are calculated based on the company's income statement:

Over	But not over	Tax is	Of amount over
\$0	\$50,000	15%	\$0
50,000	75,000	\$7,500 + 25%	50,000
75,000	100,000	13,750 + 34%	75,000
100,000	335,000	22,250 + 39%	100,000
335,000	10,000,000	113,900 + 34%	335,000
10,000,000	15,000,000	3,400,000 + 35%	10,000,000
15,000,000	18,333,333	5,150,000 + 38%	15,000,000
18,333,333	—	35%	0

As it can be observed, the standards are changing with income growth; however, this financial statement does not undertake individual tax payments from share and investments' interests ("Instructions to Form 1120" 2018). For example, there is a company that generates \$300,000 each month, so that the monthly tax payment will equal \$100,500 ("Business Taxes" 2019). Although in case the company has investors or shareholders, the tax statement will include dividend tax rates, which vary from the number of receivables.

The dividend tax rates are assigned to the corporate taxation procedure due to the IRS Tax Code. These payables are the inevitable part of the tax statement; however, they are represented as the separate column in the tax report ("Instructions to Form 1120" 2018). Most dividend taxes are paid as the ordinary individual income taxes; hence, if a company is in the 22% tax category, it may pay 22% of the dividend tax rate ("Business Taxes" 2019). In some cases, the dividend tax rates may be changed so that the Personal Income Tax Bracket should be consulted to determine the tax rate.

On the contrary, shareholders also pay taxes, which are returned to the company via the fiscal system. Such a procedure is called a return on capital investment and is signed as assets for a company. In this instance, the company is still under obligations to pay a double tax, as the IRS Tax Code requires corporations to take financial responsibility for any equity present in the company.

Works Cited

"Business Taxes". *Irs.Gov*, 2019, <https://www.irs.gov/businesses/small-businesses-self-employed/business-taxes>.

"Instructions to Form 1120". *U.S. Corporation Income Tax Return*, 2018, <https://www.irs.gov/pub/irs-pdf/i1120.pdf>. Accessed 10 Apr 2019.

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