

# ARIZONA TO IMPLEMENT 2.5% FLAT TAX AHEAD OF SCHEDULE

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Governor Doug Ducey announced that Arizona will implement its new 2.5% flat income tax rate on January 1, 2023, a full year ahead of schedule. According to Gov. Ducey, the accelerated implementation is the result of the state's "continued economic growth and record surplus."

The flat tax was adopted as part of the 2022 fiscal year budget, signed on June 30, 2022, and was originally scheduled to be phased in over three years, beginning January 1, 2024. However, a memo prepared by the Joint Legislative Budget Committee and the Governor's Office of Strategic Planning and Budgeting determined that Arizona's General Fund revenues

exceed the statutory threshold required to immediately implement the flat tax.

State income tax rates in Arizona currently range from 2.59% to 4.5%. Come January 1st, 2023 the rate will be 2.5%. According to the Tax Foundation, Arizona will join 11 other states with a flat income tax and will have the lowest rate among these states.

Links to sources:

- [AZGovernor.gov Announcement](#)
- [TaxFoundation.org Article](#)

For more information about Arizona's new 2.5% flat income tax, please contact Pat Derdenger or Karen Lowell.

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