

**Income Tax Rate Amendments**  
2025 GENERAL SESSION  
STATE OF UTAH  
**Chief Sponsor: Lincoln Fillmore**

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**LONG TITLE**

**General Description:**

This bill modifies the income tax rate.

**Highlighted Provisions:**

This bill:

- defines terms;
- provides for a reduction of the income tax rate when the actual state revenue exceeds the forecast revenue;
- provides a formula and process for calculating a reduction of the income tax rate;
- requires the State Tax Commission to annually publish the income tax rate;
- changes the mineral production tax withholding rate; and
- makes technical and conforming changes.

**Money Appropriated in this Bill:**

None

**Other Special Clauses:**

This bill provides a special effective date.

**Utah Code Sections Affected:**

AMENDS:

**59-1-101**, as last amended by Laws of Utah 2009, Chapter 212

**59-6-102**, as last amended by Laws of Utah 2008, Chapter 255

**59-7-104**, as last amended by Laws of Utah 2024, Chapter 255

**59-7-201**, as last amended by Laws of Utah 2024, Chapter 255

**59-7-610**, as last amended by Laws of Utah 2021, Chapter 367

**59-10-104**, as last amended by Laws of Utah 2024, Chapter 255

**59-10-116**, as last amended by Laws of Utah 2022, Chapter 252

**59-10-201**, as last amended by Laws of Utah 2010, Chapter 6

**59-10-205**, as last amended by Laws of Utah 2008, Chapter 389

**59-10-1007**, as last amended by Laws of Utah 2021, Chapter 367

**59-10-1017**, as last amended by Laws of Utah 2021, Chapters 367, 370

32 **59-10-1022**, as last amended by Laws of Utah 2021, Chapter 367  
 33 **59-10-1023**, as last amended by Laws of Utah 2021, Chapter 367  
 34 **59-10-1028**, as last amended by Laws of Utah 2021, Chapter 367  
 35 **59-10-1035**, as last amended by Laws of Utah 2021, Chapter 367  
 36 **59-10-1036**, as last amended by Laws of Utah 2021, Chapter 367  
 37 **59-10-1042**, as last amended by Laws of Utah 2023, Chapter 459  
 38 **59-10-1043**, as last amended by Laws of Utah 2022, Chapter 258  
 39 **59-10-1403.2**, as last amended by Laws of Utah 2023, Chapter 470  
 40 **59-10-1403.3**, as last amended by Laws of Utah 2021, Chapter 367  
 41 **63I-1-259**, as last amended by Laws of Utah 2024, Third Special Session, Chapter 5

42 ENACTS:

43 **59-1-1801**, Utah Code Annotated 1953

44 **59-1-1802**, Utah Code Annotated 1953

45

46 *Be it enacted by the Legislature of the state of Utah:*

47 Section 1. Section **59-1-101** is amended to read:

48 **59-1-101 . Definitions.**

49 As used in this title:

50 (1) "Commission" and "tax commission" mean the State Tax Commission.

51 (2) "Deficiency" [is-as] means the same as that term is defined in Section 59-1-1402.

52 (3) "Income tax rate" means:

53 (a) for a taxable year beginning before January 1, 2026, 4.55%;

54 (b) for a taxable year beginning on or after January 1, 2026, and before January 1, 2036,  
 55 the rate calculated and published in accordance with Section 59-1-1802; and

56 (c) for a taxable year beginning on or after January 1, 2036, the rate that is in effect on  
 57 the first day of the taxable year that begins on or after January 1, 2035, but that  
 58 begins before January 1, 2036.

59 Section 2. Section **59-1-1801** is enacted to read:

60

### Part 18. Income Tax Rate

61 **59-1-1801 . Definitions.**

62 (1) "Consensus entities" means:

63 (a) the Office of the Legislative Fiscal Analyst;

64 (b) the commission; and

- 65 (c) the Governor's Office of Planning and Budget.
- 66 (2) "Forecast revenue" means state revenue of:
- 67 (a) for the fiscal year ending June 30, 2026, \$13,237,500,000;
- 68 (b) for the fiscal year ending June 30, 2027, \$13,916,795,000;
- 69 (c) for the fiscal year ending June 30, 2028, \$14,623,268,000;
- 70 (d) for the fiscal year ending June 30, 2029, \$15,357,351,000;
- 71 (e) for the fiscal year ending June 30, 2030, \$16,120,271,000;
- 72 (f) for the fiscal year ending June 30, 2031, \$16,914,872,000;
- 73 (g) for the fiscal year ending June 30, 2032, \$17,744,730,000;
- 74 (h) for the fiscal year ending June 30, 2033, \$18,614,316,000;
- 75 (i) for the fiscal year ending June 30, 2034, \$19,523,292,000; and
- 76 (j) for the fiscal year ending June 30, 2035, \$20,475,118,000.
- 77 (3) "State revenue" means unrestricted revenue generated from:
- 78 (a) liquor markups required by Section 32B-2-304;
- 79 (b) earnings on investment of state money deposited into the General Fund under
- 80 Section 51-7-4;
- 81 (c) severance tax imposed under Chapter 5, Severance Tax on Oil, Gas, and Mining;
- 82 (d) mineral production tax withholding required by Chapter 6, Mineral Production Tax
- 83 Withholding;
- 84 (e) income tax imposed under Chapter 7, Corporate Franchise and Income Taxes, and
- 85 Chapter 10, Individual Income Tax Act;
- 86 (f) premiums tax imposed under Chapter 9, Taxation of Admitted Insurers;
- 87 (g) inheritance tax imposed under Chapter 11, Inheritance Tax Act;
- 88 (h) state sales and use tax imposed under Chapter 12, Sales and Use Tax Act;
- 89 (i) taxes imposed under Chapter 13, Motor and Special Fuel Tax Act;
- 90 (j) tax imposed on cigarettes and tobacco under Chapter 14, Cigarette and Tobacco Tax
- 91 and Licensing Act;
- 92 (k) beer tax imposed under Chapter 15, Beer Tax;
- 93 (l) mineral lease funds described in Chapter 21, Mineral Lease Funds;
- 94 (m) multi-channel video or audio service tax imposed under Section 59-26-103; and
- 95 (n) other payments to the General Fund or Income Tax Fund, including fees, surcharges,
- 96 penalties, interest, lapsing funds, rebates, and settlements.
- 97 (4) "Unrestricted revenue" means revenue that is not statutorily dedicated or earmarked for
- 98 a particular use.

99 Section 3. Section **59-1-1802** is enacted to read:

100 **59-1-1802 . Calculation of income tax rate.**

101 (1)(a) On or after July 1 and before September 1 of each year between 2026 and 2035,

102 the consensus entities shall determine whether the actual state revenue for the

103 previous fiscal year exceeds the forecast revenue for the previous fiscal year.

104 (b) If the consensus entities determine that the actual state revenue for the previous fiscal

105 year exceeds the forecast revenue for the previous fiscal year, the income tax rate for

106 the taxable year that begins on or after the next January 1 decreases to a rate

107 projected to reduce income tax revenue by an amount equal to one half of the

108 difference between actual state revenue for the previous fiscal year and forecast

109 revenue for the previous fiscal year.

110 (c) If the consensus entities determine that the actual state revenue for the previous fiscal

111 year does not exceed the forecast revenue for the previous fiscal year, the income tax

112 rate for the taxable year beginning on or after the next January 1 remains the same as

113 the income tax rate for the current taxable year.

114 (2) On or before November 1, the commission shall publish the income tax rate for the

115 taxable year beginning on or after the next January 1.

116 Section 4. Section **59-6-102** is amended to read:

117 **59-6-102 . Producer's obligation to deduct and withhold payments -- Amount --**

118 **Exempt payments -- Credit against tax.**

119 (1) Except as provided in Subsection (2), each producer shall deduct and withhold from

120 each payment being made to any person in respect to production of minerals in this state,

121 but not including that to which the producer is entitled, an amount equal to ~~[5% of the~~

122 ~~amount which would have otherwise been]~~ the income tax rate multiplied by the amount

123 payable to the person entitled to the payment.

124 (2) The obligation to deduct and withhold from payments as provided in Subsection (1)

125 does not apply to those payments which are payable to:

126 (a) the United States, this state, or an agency or political subdivision of the United States

127 or this state;

128 (b) an organization that is exempt from the taxes imposed by Chapter 7, Corporate

129 Franchise and Income Taxes, in accordance with Subsection 59-7-102(1)(a);

130 (c) an Indian or Indian tribe if the amounts accruing are subject to the supervision of the

131 United States or an agency of the United States; or

132 (d) a business entity that files an exemption certificate in accordance with Section

133 59-6-102.1.

134 (3) A claimant, estate, or trust that files a tax return with the commission may claim a  
135 refundable tax credit against the tax reflected on the tax return for the amount withheld  
136 by the producer under Subsection (1).

137 Section 5. Section **59-7-104** is amended to read:

138 **59-7-104 . Tax -- Minimum tax.**

139 (1) Each domestic and foreign corporation, except a corporation that is exempt under  
140 Section 59-7-102, shall pay an annual tax to the state based on the corporation's Utah  
141 taxable income for the taxable year for the privilege of exercising the corporation's  
142 corporate franchise or for the privilege of doing business in the state.

143 (2) The tax [~~shall be 4.55% of a corporation's Utah taxable income.~~] imposed by Subsection  
144 (1) is the amount calculated by multiplying a corporation's Utah taxable income by the  
145 income tax rate.

146 (3) The minimum tax a corporation shall pay under this chapter is \$100.

147 Section 6. Section **59-7-201** is amended to read:

148 **59-7-201 . Tax -- Minimum tax.**

149 (1) There is imposed upon each corporation, except a corporation that is exempt under  
150 Section 59-7-102, a tax upon the corporation's Utah taxable income for the taxable year  
151 that is derived from sources within this state other than income for any period that the  
152 corporation is required to include in the corporation's tax base under Section 59-7-104.

153 (2) The tax imposed by Subsection (1) [~~shall be 4.55% of a corporation's Utah taxable~~  
154 ~~income~~] is the amount calculated by multiplying a corporation's Utah taxable income by  
155 the income tax rate.

156 (3) In no case shall the tax be less than \$100.

157 Section 7. Section **59-7-610** is amended to read:

158 **59-7-610 . Recycling market development zones tax credits.**

159 (1) Subject to other provisions of this section, a taxpayer that is a business operating in a  
160 recycling market development zone as defined in Section 19-13-102 may claim the  
161 following nonrefundable tax credits:

162 (a) a tax credit equal to the product of the [~~percentage listed in Subsection 59-7-104(2)]~~  
163 income tax rate and the purchase price paid for machinery and equipment used  
164 directly in:

165 (i) commercial composting; or

166 (ii) manufacturing facilities or plant units that:

- 167 (A) manufacture, process, compound, or produce recycled items of tangible  
168 personal property for sale; or
- 169 (B) reduce or reuse postconsumer waste material; and
- 170 (b) a tax credit equal to the lesser of:
- 171 (i) 20% of net expenditures to third parties for rent, wages, supplies, tools, test  
172 inventory, and utilities made by the taxpayer for establishing and operating  
173 recycling or composting technology in the state; and
- 174 (ii) \$2,000.
- 175 (2)(a) To claim a tax credit described in Subsection (1), the taxpayer shall receive from  
176 the Department of Environmental Quality a written certification, on a form approved  
177 by the commission, that includes:
- 178 (i) a statement that the taxpayer is operating a business within the boundaries of a  
179 recycling market development zone;
- 180 (ii) for a claim of the tax credit described in Subsection (1)(a):
- 181 (A) the type of the machinery and equipment that the taxpayer purchased;
- 182 (B) the date that the taxpayer purchased the machinery and equipment;
- 183 (C) the purchase price for the machinery and equipment;
- 184 (D) the total purchase price for all machinery and equipment for which the  
185 taxpayer is claiming a tax credit;
- 186 (E) a statement that the machinery and equipment are integral to the composting  
187 or recycling process; and
- 188 (F) the amount of the taxpayer's tax credit; and
- 189 (iii) for a claim of the tax credit described in Subsection (1)(b):
- 190 (A) the type of net expenditure that the taxpayer made to a third party;
- 191 (B) the date that the taxpayer made the payment to a third party;
- 192 (C) the amount that the taxpayer paid to each third party;
- 193 (D) the total amount that the taxpayer paid to all third parties;
- 194 (E) a statement that the net expenditures support the establishment and operation  
195 of recycling or composting technology in the state; and
- 196 (F) the amount of the taxpayer's tax credit.
- 197 (b)(i) The Department of Environmental Quality shall provide a taxpayer seeking to  
198 claim a tax credit under Subsection (1) with a copy of the written certification.
- 199 (ii) The taxpayer shall retain a copy of the written certification for the same period of  
200 time that a person is required to keep books and records under Section 59-1-1406.

- 201 (c) The Department of Environmental Quality shall submit to the commission an  
 202 electronic list that includes:
- 203 (i) the name and identifying information of each taxpayer to which the Department of  
 204 Environmental Quality issues a written certification; and  
 205 (ii) for each taxpayer, the amount of each tax credit listed on the written certification.
- 206 (3) A taxpayer may not claim a tax credit under Subsection (1)(a), Subsection (1)(b), or  
 207 both that exceeds 40% of the taxpayer's state income tax liability as the tax liability is  
 208 calculated:
- 209 (a) for the taxable year in which the taxpayer made the purchases or payments;  
 210 (b) before any other tax credits the taxpayer may claim for the taxable year; and  
 211 (c) before the taxpayer claims a tax credit authorized by this section.
- 212 (4) The commission shall make rules governing what information a taxpayer shall file with  
 213 the commission to verify the entitlement to and amount of a tax credit.
- 214 (5) Except as provided in Subsections (6) through (8), a taxpayer may carry forward, to the  
 215 next three taxable years, the amount of a tax credit described in Subsection (1)(a) that  
 216 the taxpayer does not use for the taxable year.
- 217 (6) A taxpayer may not claim or carry forward a tax credit described in Subsection (1)(a) in  
 218 a taxable year during which the taxpayer claims or carries forward a tax credit under  
 219 Section 63N-2-213.
- 220 (7) A taxpayer may not claim a tax credit described in Subsection (1)(b) in a taxable year  
 221 during which the taxpayer claims or carries forward a tax credit under Section 63N-2-213.
- 222 Section 8. Section **59-10-104** is amended to read:
- 223 **59-10-104 . Tax basis -- Tax rate -- Exemption.**
- 224 (1) A tax is imposed on the state taxable income of a resident individual as provided in this  
 225 section.
- 226 (2) For purposes of Subsection (1), for a taxable year, the tax is an amount equal to the  
 227 product of:
- 228 (a) the resident individual's state taxable income for that taxable year; and  
 229 (b) [~~4.55%~~] the income tax rate.
- 230 (3) This section does not apply to a resident individual exempt from taxation under Section  
 231 59-10-104.1.
- 232 Section 9. Section **59-10-116** is amended to read:
- 233 **59-10-116 . Tax on nonresident individual -- Calculation -- Exemption.**
- 234 (1) Except as provided in Subsection (2), a tax is imposed on a nonresident individual in an

235 amount equal to the product of~~[the]~~:

236 (a) the nonresident individual's state taxable income; and

237 (b) ~~[percentage listed in Subsection 59-10-104(2).]~~ the income tax rate.

238 (2) This section does not apply to a nonresident individual:

239 (a) exempt from taxation under Section 59-10-104.1; or

240 (b) whose only state source income is wages that are excluded in accordance with

241 Section 59-10-117.5.

242 Section 10. Section **59-10-201** is amended to read:

243 **59-10-201 . Taxation of resident trusts and estates.**

244 (1) Except as provided in Subsection (2), a tax ~~[determined in accordance with the rate~~  
245 ~~prescribed by Subsection 59-10-104(2)(b)]~~ is imposed for each taxable year on ~~[the state~~  
246 ~~taxable income of]~~ each resident estate or trust in the amount calculated by multiplying  
247 the resident estate's or trust's state taxable income by the income tax rate.

248 (2) The following are not subject to a tax imposed by this part:

249 (a) a resident estate or trust that is not required to file a federal income tax return for  
250 estates and trusts for the taxable year; or

251 (b) a resident trust taxed as a corporation.

252 (3) A resident estate or trust shall be allowed the credit provided in Section 59-10-1003,  
253 relating to an income tax imposed by another state, except that the limitation shall be  
254 computed by reference to the taxable income of the estate or trust.

255 (4) The property of the Utah Educational Savings Plan established in Title 53B, Chapter 8a,  
256 Utah Educational Savings Plan, and ~~[its]~~ the Utah Educational Savings Plan's income  
257 from operations and investments are exempt from all taxation by the state under this  
258 chapter.

259 Section 11. Section **59-10-205** is amended to read:

260 **59-10-205 . Tax on nonresident estate or trust.**

261 (1) Except as provided in Subsection (2), a tax is imposed on a nonresident estate or trust in  
262 an amount equal to the product of:

263 (a) the nonresident estate's or trust's state taxable income as determined under Section  
264 59-10-204; and

265 (b) the ~~[percentage listed in Subsection 59-10-104(2)]~~ income tax rate.

266 (2) The following are not subject to a tax imposed by this part:

267 (a) a nonresident estate or trust that is not required to file a federal income tax return for  
268 estates and trusts for the taxable year; or



- 269 (b) a nonresident trust taxed as a corporation.
- 270 Section 12. Section **59-10-1007** is amended to read:
- 271 **59-10-1007 . Recycling market development zones tax credits.**
- 272 (1) Subject to other provisions of this section, a claimant, estate, or trust in a recycling  
273 market development zone as defined in Section 19-13-102 may claim the following  
274 nonrefundable tax credits:
- 275 (a) a tax credit equal to the product of the [~~percentage listed in Subsection 59-10-104(2)~~]  
276 income tax rate and the purchase price paid for machinery and equipment used  
277 directly in:
- 278 (i) commercial composting; or
- 279 (ii) manufacturing facilities or plant units that:
- 280 (A) manufacture, process, compound, or produce recycled items of tangible  
281 personal property for sale; or
- 282 (B) reduce or reuse postconsumer waste material; and
- 283 (b) a tax credit equal to the lesser of:
- 284 (i) 20% of net expenditures to third parties for rent, wages, supplies, tools, test  
285 inventory, and utilities made by the claimant, estate, or trust for establishing and  
286 operating recycling or composting technology in the state; and
- 287 (ii) \$2,000.
- 288 (2)(a) To claim a tax credit described in Subsection (1), the claimant, estate, or trust  
289 shall receive from the Department of Environmental Quality a written certification,  
290 on a form approved by the commission, that includes:
- 291 (i) a statement that the claimant, estate, or trust is operating within the boundaries of  
292 a recycling market development zone;
- 293 (ii) for a claim of the tax credit described in Subsection (1)(a):
- 294 (A) the type of the machinery and equipment that the claimant, estate, or trust  
295 purchased;
- 296 (B) the date that the claimant, estate, or trust purchased the machinery and  
297 equipment;
- 298 (C) the purchase price for the machinery and equipment;
- 299 (D) the total purchase price for all machinery and equipment for which the  
300 claimant, estate, or trust is claiming a tax credit;
- 301 (E) the amount of the claimant's, estate's, or trust's tax credit; and
- 302 (F) a statement that the machinery and equipment are integral to the composting

- 303 or recycling process; and
- 304 (iii) for a claim of the tax credit described in Subsection (1)(b):
- 305 (A) the type of net expenditure that the claimant, estate, or trust made to a third
- 306 party;
- 307 (B) the date that the claimant, estate, or trust made the payment to a third party;
- 308 (C) the amount that the claimant, estate, or trust paid to each third party;
- 309 (D) the total amount that the claimant, estate, or trust paid to all third parties;
- 310 (E) a statement that the net expenditures support the establishment and operation
- 311 of recycling or composting technology in the state; and
- 312 (F) the amount of the claimant's, estate's, or trust's tax credit.
- 313 (b)(i) The Department of Environmental Quality shall provide a claimant, estate, or
- 314 trust seeking to claim a tax credit under Subsection (1) with a copy of the written
- 315 certification.
- 316 (ii) The claimant, estate, or trust shall retain a copy of the written certification for the
- 317 same period of time that a person is required to keep books and records under
- 318 Section 59-1-1406.
- 319 (c) The Department of Environmental Quality shall submit to the commission an
- 320 electronic list that includes:
- 321 (i) the name and identifying information of each claimant, estate, or trust to which the
- 322 Department of Environmental Quality issues a written certification; and
- 323 (ii) for each claimant, estate, or trust, the amount of each tax credit listed on the
- 324 written certification.
- 325 (3) A claimant, estate, or trust may not claim a tax credit under Subsection (1)(a),
- 326 Subsection (1)(b), or both that exceeds 40% of the claimant's, estate's, or trust's state
- 327 income tax liability as the tax liability is calculated:
- 328 (a) for the taxable year in which the claimant, estate, or trust made the purchases or
- 329 payments;
- 330 (b) before any other tax credits the claimant, estate, or trust may claim for the taxable
- 331 year; and
- 332 (c) before the claimant, estate, or trust claims a tax credit authorized by this section.
- 333 (4) The commission shall make rules governing what information a claimant, estate, or trust
- 334 shall file with the commission to verify the entitlement to and amount of a tax credit.
- 335 (5) Except as provided in Subsections (6) through (8), a claimant, estate, or trust may carry
- 336 forward, to the next three taxable years, the amount of a tax credit described in

- 337 Subsection (1)(a) that the claimant, estate, or trust does not use for the taxable year.
- 338 (6) A claimant, estate, or trust may not claim or carry forward a tax credit described in
- 339 Subsection (1)(a) in a taxable year during which the claimant, estate, or trust claims or
- 340 carries forward a tax credit under Section 63N-2-213.
- 341 (7) A claimant, estate, or trust may not claim a tax credit described in Subsection (1)(b) in a
- 342 taxable year during which the claimant, estate, or trust claims or carries forward a tax
- 343 credit under Section 63N-2-213.

344 Section 13. Section **59-10-1017** is amended to read:

345 **59-10-1017 . Utah Educational Savings Plan tax credit.**

- 346 (1) As used in this section:
- 347 (a) "Account owner" means the same as that term is defined in Section 53B-8a-102.
- 348 (b) "Grantor trust" means the same as that term is defined in Section 53B-8a-102.5.
- 349 (c) "Higher education costs" means the same as that term is defined in Section
- 350 53B-8a-102.5.
- 351 (d) "Maximum amount of a qualified investment for the taxable year" means, for a
- 352 taxable year, the product of the [~~percentage listed in Subsection 59-10-104(2)~~] income
- 353 tax rate and:
- 354 (i) subject to Subsection (1)(d)(iii), for a claimant, estate, or trust that is an account
- 355 owner, if that claimant, estate, or trust is other than husband and wife account
- 356 owners who file a single return jointly, the maximum amount of a qualified
- 357 investment:
- 358 (A) listed in Subsection 53B-8a-106(1)(e)(ii); and
- 359 (B) increased or kept for that taxable year in accordance with Subsections
- 360 53B-8a-106(1)(f) and (g);
- 361 (ii) subject to Subsection (1)(d)(iii), for claimants who are husband and wife account
- 362 owners who file a single return jointly, the maximum amount of a qualified
- 363 investment:
- 364 (A) listed in Subsection 53B-8a-106(1)(e)(iii); and
- 365 (B) increased or kept for that taxable year in accordance with Subsections
- 366 53B-8a-106(1)(f) and (g); or
- 367 (iii) for a grantor trust:
- 368 (A) if the owner of the grantor trust has a single filing status or head of household
- 369 filing status as defined in Section 59-10-1018, the amount described in
- 370 Subsection (1)(d)(i); or

- 371 (B) if the owner of the grantor trust has a joint filing status as defined in Section  
 372 59-10-1018, the amount described in Subsection (1)(d)(ii).
- 373 (e) "Owner of the grantor trust" means the same as that term is defined in Section  
 374 53B-8a-102.5.
- 375 (f) "Qualified investment" means the same as that term is defined in Section  
 376 53B-8a-102.5.
- 377 (2) Except as provided in Section 59-10-1002.2 and subject to the other provisions of this  
 378 section, a claimant, estate, or trust that is an account owner may claim a nonrefundable  
 379 tax credit equal to the product of:
- 380 (a) the amount of a qualified investment made:
- 381 (i) during the taxable year; and  
 382 (ii) into an account owned by the claimant, estate, or trust; and
- 383 (b) the ~~[percentage listed in Subsection 59-10-104(2)]~~ income tax rate.
- 384 (3) A claimant, estate, or trust, or a person other than the claimant, estate, or trust, may  
 385 make a qualified investment described in Subsection (2).
- 386 (4) A claimant, estate, or trust that is an account owner may not claim a tax credit under this  
 387 section with respect to any portion of a qualified investment described in Subsection (2)  
 388 that a claimant, estate, trust, or person described in Subsection (3) deducts on a federal  
 389 income tax return.
- 390 (5) A tax credit under this section may not exceed the maximum amount of a qualified  
 391 investment for the taxable year.
- 392 (6) A claimant, estate, or trust that is an account owner may not carry forward or carry back  
 393 the tax credit under this section.

394 Section 14. Section **59-10-1022** is amended to read:

395 **59-10-1022 . Nonrefundable tax credit for capital gain transactions.**

- 396 (1) As used in this section:
- 397 (a)~~[(i)]~~ "Capital gain transaction" means a transaction that results in a:
- 398 ~~[(A)]~~ (i) short-term capital gain; or  
 399 ~~[(B)]~~ (ii) long-term capital gain.
- 400 ~~[(ii) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act,~~  
 401 ~~the commission may by rule define the term "transaction."]~~
- 402 (b) "Commercial domicile" means the principal place from which the trade or business  
 403 of a Utah small business corporation is directed or managed.
- 404 (c) "Long-term capital gain" ~~[is as]~~ means the same as that term is defined in Section

- 405 1222, Internal Revenue Code.
- 406 (d) "Qualifying stock" means stock that is:
- 407 (i)(A) common; or
- 408 (B) preferred;
- 409 (ii) as defined by the commission by rule made in accordance with Title 63G,
- 410 Chapter 3, Utah Administrative Rulemaking Act, originally issued to:
- 411 (A) a claimant, estate, or trust; or
- 412 (B) a partnership if the claimant, estate, or trust that claims a tax credit under this
- 413 section:
- 414 (I) was a partner on the day on which the stock was issued; and
- 415 (II) remains a partner until the last day of the taxable year for which the
- 416 claimant, estate, or trust claims a tax credit under this section; and
- 417 (iii) issued:
- 418 (A) by a Utah small business corporation;
- 419 (B) on or after January 1, 2008; and
- 420 (C) for:
- 421 (I) money; or
- 422 (II) other property, except for stock or securities.
- 423 (e) "Short-term capital gain" ~~[is as]~~ means the same as that term is defined in Section
- 424 1222, Internal Revenue Code.
- 425 (f) "Transaction" means the definition the commission makes by rule made in
- 426 accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act.
- 427 ~~[(f)]~~ (g)(i) "Utah small business corporation" means a corporation that:
- 428 (A) except as provided in Subsection ~~[(1)(f)(ii)]~~ (1)(g)(ii), is a small business
- 429 corporation as defined in Section 1244(c)(3), Internal Revenue Code;
- 430 (B) except as provided in Subsection ~~[(1)(f)(iii)]~~ (1)(g)(iii), meets the requirements
- 431 of Section 1244(c)(1)(C), Internal Revenue Code; and
- 432 (C) has ~~[its]~~ the corporation's commercial domicile in this state.
- 433 (ii) The dollar amount listed in Section 1244(c)(3)(A) is considered to be \$2,500,000.
- 434 (iii) The phrase "the date the loss on such stock was sustained" in Sections
- 435 1244(c)(1)(C) and 1244(c)(2), Internal Revenue Code, is considered to be "the last
- 436 day of the taxable year for which the claimant, estate, or trust claims a tax credit
- 437 under this section."
- 438 (2) ~~[For taxable years beginning on or after January 1, 2008, a]~~ A claimant, estate, or trust

- 439 that meets the requirements of Subsection (3) may claim a nonrefundable tax credit  
 440 equal to the product of:
- 441 (a) the total amount of the claimant's, estate's, or trust's short-term capital gain or  
 442 long-term capital gain on a capital gain transaction that occurs on or after January 1,  
 443 2008; and
- 444 (b) the ~~[percentage listed in Subsection 59-10-104(2)]~~ income tax rate.
- 445 (3) For purposes of Subsection (2), a claimant, estate, or trust may claim the nonrefundable  
 446 tax credit allowed by Subsection (2) if:
- 447 (a) 70% or more of the gross proceeds of the capital gain transaction are expended:
- 448 (i) to purchase qualifying stock in a Utah small business corporation; and  
 449 (ii) within a 12-month period after the day on which the capital gain transaction  
 450 occurs; and
- 451 (b) ~~[prior to]~~ before the purchase of the qualifying stock described in Subsection (3)(a)(i),  
 452 the claimant, estate, or trust did not have an ownership interest in the Utah small  
 453 business corporation that issued the qualifying stock.
- 454 (4) A claimant, estate, or trust may not carry forward or carry back a tax credit under this  
 455 section.
- 456 (5) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the  
 457 commission may make rules:
- 458 (a) defining the term "gross proceeds"; and  
 459 (b) ~~[prescribing]~~ providing the circumstances under which a claimant, estate, or trust has  
 460 an ownership interest in a Utah small business corporation.

461 Section 15. Section **59-10-1023** is amended to read:

462 **59-10-1023 . Nonrefundable tax credit for amounts paid under a health benefit**  
 463 **plan.**

- 464 (1) As used in this section:
- 465 (a) "Claimant with dependents" means a claimant:
- 466 (i) regardless of the claimant's filing status for purposes of filing a federal individual  
 467 income tax return for the taxable year; and  
 468 (ii) who claims one or more dependents under Section 151, Internal Revenue Code,  
 469 as allowed on the claimant's federal individual income tax return for the taxable  
 470 year.
- 471 (b) "Eligible insured individual" means:
- 472 (i) the claimant who is insured under a health benefit plan;

- 473 (ii) the spouse of the claimant described in Subsection (1)(b)(i) if:
- 474 (A) the claimant files a single return jointly under this chapter with the claimant's
- 475 spouse for the taxable year; and
- 476 (B) the spouse is insured under the health benefit plan described in Subsection
- 477 (1)(b)(i); or
- 478 (iii) a dependent of the claimant described in Subsection (1)(b)(i) if:
- 479 (A) the claimant claims the dependent under Section 151, Internal Revenue Code,
- 480 as allowed on the claimant's federal individual income tax return for the
- 481 taxable year; and
- 482 (B) the dependent is insured under the health benefit plan described in Subsection
- 483 (1)(b)(i).
- 484 (c) "Excluded expenses" means an amount a claimant pays for insurance offered under a
- 485 health benefit plan for a taxable year if:
- 486 (i) the claimant claims a tax credit for that amount under Section 35, Internal
- 487 Revenue Code:
- 488 (A) on the claimant's federal individual income tax return for the taxable year; and
- 489 (B) with respect to an eligible insured individual;
- 490 (ii) the claimant deducts that amount under Section 162 or 213, Internal Revenue
- 491 Code:
- 492 (A) on the claimant's federal individual income tax return for the taxable year; and
- 493 (B) with respect to an eligible insured individual; or
- 494 (iii) the claimant excludes that amount from gross income under Section 106 or 125,
- 495 Internal Revenue Code, with respect to an eligible insured individual.
- 496 (d)(i) "Health benefit plan" [~~is as~~] means the same as that term is defined in Section
- 497 31A-1-301.
- 498 (ii) "Health benefit plan" does not include equivalent self-insurance as defined by the
- 499 Insurance Department by rule made in accordance with Title 63G, Chapter 3, Utah
- 500 Administrative Rulemaking Act.
- 501 (e) "Joint claimant with no dependents" means [~~a husband and wife~~] spouses who:
- 502 (i) file a single return jointly under this chapter for the taxable year; and
- 503 (ii) do not claim a dependent under Section 151, Internal Revenue Code, on the [~~husband's and wife's~~]
- 504 spouses' federal individual income tax return for the taxable
- 505 year.
- 506 (f) "Single claimant with no dependents" means:

- 507 (i) a single individual who:
- 508 (A) files a single federal individual income tax return for the taxable year; and
- 509 (B) does not claim a dependent under Section 151, Internal Revenue Code, on the
- 510 single individual's federal individual income tax return for the taxable year;
- 511 (ii) a head of household:
- 512 (A) as defined in Section 2(b), Internal Revenue Code, who files a single federal
- 513 individual income tax return for the taxable year; and
- 514 (B) who does not claim a dependent under Section 151, Internal Revenue Code,
- 515 on the head of household's federal individual income tax return for the taxable
- 516 year; or
- 517 (iii) a married individual who:
- 518 (A) does not file a single federal individual income tax return jointly with that
- 519 married individual's spouse for the taxable year; and
- 520 (B) does not claim a dependent under Section 151, Internal Revenue Code, on that
- 521 married individual's federal individual income tax return for the taxable year.
- 522 (2) Subject to Subsection (3), and except as provided in Subsection (4), ~~for taxable years~~
- 523 ~~beginning on or after January 1, 2009,~~] a claimant may claim a nonrefundable tax credit
- 524 equal to the product of:
- 525 (a) the difference between:
- 526 (i) the total amount the claimant pays during the taxable year for:
- 527 (A) insurance offered under a health benefit plan; and
- 528 (B) an eligible insured individual; and
- 529 (ii) excluded expenses; and
- 530 (b) the ~~percentage listed in Subsection 59-10-104(2)]~~ income tax rate.
- 531 (3) The maximum amount of a tax credit described in Subsection (2) a claimant may claim
- 532 on a return for a taxable year is:
- 533 (a) for a single claimant with no dependents, \$300;
- 534 (b) for a joint claimant with no dependents, \$600; or
- 535 (c) for a claimant with dependents, \$900.
- 536 (4) A claimant may not claim a tax credit under this section if the claimant is eligible to
- 537 participate in insurance offered under a health benefit plan maintained and funded in
- 538 whole or in part by:
- 539 (a) the claimant's employer; or
- 540 (b) another person's employer.



- 541 (5) A claimant may not carry forward or carry back a tax credit under this section.  
542 Section 16. Section **59-10-1028** is amended to read:  
543 **59-10-1028 . Nonrefundable tax credit for capital gain transactions on the**  
544 **exchange of one form of legal tender for another form of legal tender.**
- 545 (1) As used in this section:
- 546 (a) "Capital gain transaction" means a transaction that results in a:  
547 (i) short-term capital gain; or  
548 (ii) long-term capital gain.
- 549 (b) "Long-term capital gain" [~~is as~~] means the same as that term is defined in Section  
550 1222, Internal Revenue Code.
- 551 (c) "Long-term capital loss" [~~is as~~] means the same as that term is defined in Section  
552 1222, Internal Revenue Code.
- 553 (d) "Net capital gain" means the amount by which the sum of long-term capital gains  
554 and short-term capital gains on a claimant's, estate's, or trust's transactions from  
555 exchanges made for a taxable year of one form of legal tender for another form of  
556 legal tender exceeds the sum of long-term capital losses and short-term capital losses  
557 on those transactions for that taxable year.
- 558 (e) "Short-term capital loss" [~~is as~~] means the same as that term is defined in Section  
559 1222, Internal Revenue Code.
- 560 (f) "Short-term capital gain" [~~is as~~] means the same as that term is defined in Section  
561 1222, Internal Revenue Code.
- 562 (2) Except as provided in Section 59-10-1002.2, [~~for taxable years beginning on or after~~  
563 ~~January 1, 2012,~~] a claimant, estate, or trust may claim a nonrefundable tax credit equal  
564 to the product of:
- 565 (a) to the extent a net capital gain is included in taxable income, the amount of the  
566 claimant's, estate's, or trust's net capital gain on capital gain transactions from  
567 exchanges made on or after January 1, 2012, for a taxable year, of one form of legal  
568 tender for another form of legal tender; and
- 569 (b) the [~~percentage listed in Subsection 59-10-104(2)] income tax rate.~~
- 570 (3) A claimant, estate, or trust may not carry forward or carry back a tax credit under this  
571 section.
- 572 (4) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the  
573 commission may make rules to implement this section.
- 574 Section 17. Section **59-10-1035** is amended to read:

575           **59-10-1035 . Nonrefundable tax credit for contribution to state Achieving a**  
 576 **Better Life Experience Program account.**

577 (1) As used in this section:

- 578       (a) "Account" means an account in a qualified ABLE program where the designated  
 579           beneficiary of the account is a resident of this state.
- 580       (b) "Contributor" means a claimant, estate, or trust that:  
 581           (i) makes a contribution to an account; and  
 582           (ii) receives a statement from the qualified ABLE program itemizing the contribution.
- 583       (c) "Designated beneficiary" means the same as that term is defined in 26 U.S.C. Sec.  
 584           529A.
- 585       (d) "Qualified ABLE program" means the same as that term is defined in Section  
 586           35A-12-102.

587 (2) A contributor to an account may claim a nonrefundable tax credit as provided in this  
 588 section.

589 (3) Subject to the other provisions of this section, the tax credit is equal to the product of:

- 590       (a) the [~~percentage listed in Subsection 59-10-104(2)~~] income tax rate; and  
 591       (b) the total amount of contributions:  
 592           (i) the contributor makes for the taxable year; and  
 593           (ii) for which the contributor receives a statement from the qualified ABLE program  
 594           itemizing the contributions.

595 (4) A contributor may not claim a tax credit under this section:

- 596       (a) for an amount of excess contribution to an account that is returned to the contributor;  
 597           or  
 598       (b) with respect to an amount the contributor deducts on a federal income tax return.

599 (5) A contributor may not carry forward or carry back a tax credit under this section[~~may~~  
 600 ~~not be carried forward or carried back~~].

601       Section 18. Section **59-10-1036** is amended to read:

602           **59-10-1036 . Nonrefundable tax credit for military survivor benefits.**

603 (1) As used in this section:

- 604       (a) "Dependent child" means the same as that term is defined in 10 U.S.C. Sec. 1447.
- 605       (b) "Reserve components" means the same as that term is described in 10 U.S.C. Sec.  
 606           10101.
- 607       (c) "Surviving spouse" means the same as that term is defined in 10 U.S.C. Sec. 1447.
- 608       (d) "Survivor benefits" means the amount paid by the federal government in accordance

- 609 with 10 U.S.C. Secs. 1447 through 1455.
- 610 (2) A surviving spouse or dependent child may claim a nonrefundable tax credit for  
611 survivor benefits if the benefits are paid due to:
- 612 (a) the death of a member of the armed forces or reserve components while on active  
613 duty; or
- 614 (b) the death of a member of the reserve components that results from a  
615 service-connected cause while performing inactive duty training.
- 616 (3) The tax credit described in Subsection (2) is equal to the product of:
- 617 (a) the amount of survivor benefits that the surviving spouse or dependent child received  
618 during the taxable year; and
- 619 (b) the ~~[percentage listed in Subsection 59-10-104(2)]~~ income tax rate.
- 620 (4) ~~[The tax credit described in Subsection (2):]~~ A surviving spouse or a dependent child  
621 may not carry forward or carry back a tax credit under this section.
- 622 ~~[(a) may not be carried forward or carried back; and]~~
- 623 ~~[(b) applies to a taxable year beginning on or after January 1, 2017.]~~
- 624 Section 19. Section **59-10-1042** is amended to read:
- 625 **59-10-1042 . Nonrefundable tax credit for social security benefits.**
- 626 (1) As used in this section:
- 627 (a) "Head of household filing status" means the same as that term is defined in Section  
628 59-10-1018.
- 629 (b) "Joint filing status" means the same as that term is defined in Section 59-10-1018.
- 630 (c) "Married filing separately status" means a married individual who:
- 631 (i) does not file a single federal individual income tax return jointly with that married  
632 individual's spouse for the taxable year; and
- 633 (ii) files a single federal individual income tax return for the taxable year.
- 634 (d) "Modified adjusted gross income" means the sum of the following for a claimant or,  
635 if the claimant's return under this chapter is allowed a joint filing status, the claimant  
636 and the claimant's spouse:
- 637 (i) adjusted gross income for the taxable year for which a tax credit is claimed under  
638 this section;
- 639 (ii) any interest income that is not included in adjusted gross income for the taxable  
640 year described in Subsection (1)(d)(i); and
- 641 (iii) any addition to adjusted gross income required by Section 59-10-114 for the  
642 taxable year described in Subsection (1)(d)(i).

- 643 (e) "Single filing status" means a single individual who files a single federal individual  
644 income tax return for the taxable year.
- 645 (f) "Social security benefit" means an amount received by a claimant as a monthly  
646 benefit in accordance with the Social Security Act, 42 U.S.C. Sec. 401 et seq.
- 647 (2) Except as provided in Section 59-10-1002.2 and Subsections (3) and (4), each claimant  
648 on a return that receives a social security benefit may claim a nonrefundable tax credit  
649 against taxes otherwise due under this part equal to the product of:
- 650 (a) the ~~[percentage listed in Subsection 59-10-104(2)]~~ income tax rate; and  
651 (b) the claimant's social security benefit that is included in adjusted gross income on the  
652 claimant's federal income tax return for the taxable year.
- 653 (3) A claimant may not:
- 654 (a) carry forward or carry back the amount of a tax credit under this section that exceeds  
655 the claimant's tax liability for the taxable year; or  
656 (b) claim a tax credit under this section for a taxable year if a tax credit under Section  
657 59-10-1019 is claimed on the claimant's return for the same taxable year.
- 658 (4) The tax credit allowed by Subsection (2) claimed on a return filed under this part shall  
659 be reduced by \$.025 for each dollar by which modified adjusted gross income for  
660 purposes of the return exceeds:
- 661 (a) for a federal individual income tax return that is allowed a married filing separately  
662 status, \$37,500;  
663 (b) for a federal individual income tax return that is allowed a single filing status,  
664 \$45,000;  
665 (c) for a federal individual income tax return that is allowed a head of household filing  
666 status, \$75,000; or  
667 (d) for a federal income tax return ~~[under this chapter]~~ that is allowed a joint filing  
668 status, \$75,000.
- 669 (5) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the  
670 commission may make rules governing the calculation and method for claiming the tax  
671 credit described in this section.

672 Section 20. Section **59-10-1043** is amended to read:

673 **59-10-1043 . Nonrefundable tax credit for military retirement.**

- 674 (1) As used in this section:
- 675 (a)(i) "Military retirement pay" means retirement pay, including survivor benefits,  
676 that relates to service in the armed forces or the reserve components, as described

- 677 in 10 U.S.C. Sec. 10101.
- 678 (ii) "Military retirement pay" does not include:
- 679 (A) Social Security income;
- 680 (B) 401(k) or IRA distributions; or
- 681 (C) income from other sources.
- 682 (b) "Survivor benefits" means the retired pay portion of the benefits described in 10
- 683 U.S.C. Secs. 1447 through 1455.
- 684 (2) Except as provided in Section 59-10-1002.2, a claimant who receives military
- 685 retirement pay may claim a nonrefundable tax credit against taxes equal to the product
- 686 of:
- 687 (a) the [~~percentage listed in Subsection 59-10-104(2)~~] income tax rate; and
- 688 (b) the amount of military retirement pay that is included in adjusted gross income on
- 689 the claimant's federal income tax return for the taxable year.
- 690 (3) A claimant may not:
- 691 (a) carry forward or carry back the amount of a tax credit that exceeds the claimant's tax
- 692 liability for the taxable year; or
- 693 (b) claim a tax credit under this section for a taxable year if a tax credit under Section
- 694 59-10-1019 is claimed on the claimant's return for the same taxable year.
- 695 Section 21. Section **59-10-1403.2** is amended to read:
- 696 **59-10-1403.2 . Pass-through entity payment or withholding of tax on behalf of a**
- 697 **pass-through entity taxpayer -- Exceptions to payment or withholding requirement --**
- 698 **Procedures and requirements -- Failure to pay or withhold a tax on behalf of a**
- 699 **pass-through entity taxpayer.**
- 700 (1)(a) Except as provided in Subsections (1)(b) and (2), for a taxable year, a
- 701 pass-through entity shall pay or withhold a tax:
- 702 (i) on:
- 703 (A) the business income of the pass-through entity; and
- 704 (B) the nonbusiness income of the pass-through entity derived from or connected
- 705 with Utah sources; and
- 706 (ii) on behalf of a pass-through entity taxpayer.
- 707 (b) A pass-through entity is not required to pay or withhold a tax under Subsection (1)(a):
- 708 (i) on behalf of a final pass-through entity taxpayer who is a resident individual;
- 709 (ii) if the pass-through entity is an organization exempt from taxation under
- 710 Subsection 59-7-102(1)(a);

- 711 (iii) if the pass-through entity:
- 712 (A) is a plan under Section 401, 408, or 457, Internal Revenue Code; and
- 713 (B) is not required to file a return under Chapter 7, Corporate Franchise and
- 714 Income Taxes, or this chapter;
- 715 (iv) if the pass-through entity is a publicly traded partnership:
- 716 (A) as defined in Section 7704(b), Internal Revenue Code;
- 717 (B) that is classified as a partnership for federal income tax purposes; and
- 718 (C) that files an annual information return reporting the following with respect to
- 719 each partner of the publicly traded partnership with income derived from or
- 720 connected with Utah sources that exceeds \$500 in a taxable year:
- 721 (I) the partner's name;
- 722 (II) the partner's address;
- 723 (III) the partner's taxpayer identification number; and
- 724 (IV) other information required by the commission; or
- 725 (v) on behalf of a final pass-through entity taxpayer that is a nonresident individual if
- 726 the pass-through entity pays the tax described in Subsection (2).
- 727 (2)(a) For each taxable year that begins on or after January 1, 2022, but begins on or
- 728 before December 31, 2025, a pass-through entity that is not a disregarded
- 729 pass-through entity may elect to pay a tax in an amount equal to the product of:
- 730 (i) the [~~percentage listed in Subsection 59-10-104(2)~~] income tax rate; and
- 731 (ii) voluntary taxable income.
- 732 (b) A pass-through entity that elects to pay the tax in accordance with Subsection (2)(a)
- 733 shall notify any final pass-through entity taxpayer of that election.
- 734 (c) A pass-through entity that pays a tax described in Subsection (2)(a) shall provide to
- 735 each final pass-through entity taxpayer a statement that states:
- 736 (i) the amount of tax paid under Subsection (2)(a) on the income attributed to the
- 737 final pass-through entity taxpayer; and
- 738 (ii) the amount of tax paid to another state by the pass-through entity on income:
- 739 (A) attributed to the final pass-through entity taxpayer; and
- 740 (B) that the commission determines is substantially similar to the tax under
- 741 Subsection (2)(a).
- 742 (d) A payment of the tax described in Subsection (2)(a) on or before the last day of the
- 743 taxable year:
- 744 (i) is an irrevocable election to be subject to the tax for the taxable year; and

- 745 (ii) may not be refunded.
- 746 (3)(a) Subject to Subsection (3)(b), the tax a pass-through entity shall pay or withhold  
747 on behalf of a pass-through entity taxpayer for a taxable year is an amount:
- 748 (i) determined by the commission by rule made in accordance with Title 63G,  
749 Chapter 3, Utah Administrative Rulemaking Act; and
- 750 (ii) that the commission estimates will be sufficient to pay the tax liability of the  
751 pass-through entity taxpayer under this chapter with respect to the income  
752 described in Subsection (1)(a)(i) or (2)(a)(ii) of that pass-through entity for the  
753 taxable year.
- 754 (b) The rules the commission makes in accordance with Subsection (3)(a):
- 755 (i) except as provided in Subsection (3)(c):
- 756 (A) shall:
- 757 (I) for a pass-through entity except for a pass-through entity that is an S  
758 corporation, take into account items of income, gain, loss, deduction, and  
759 credit as analyzed on the schedule for reporting partners' distributive share  
760 items as part of the federal income tax return for the pass-through entity; or
- 761 (II) for a pass-through entity that is an S corporation, take into account items of  
762 income, gain, loss, deduction, and credit as reconciled on the schedule for  
763 reporting shareholders' pro rata share items as part of the federal income tax  
764 return for the pass-through entity; and
- 765 (B) notwithstanding Subsection (3)(b)(ii)(D), take into account the refundable tax  
766 credit provided in Section 59-6-102; and
- 767 (ii) may not take into account the following items if taking those items into account  
768 does not result in an accurate estimate of a pass-through entity taxpayer's tax  
769 liability under this chapter for the taxable year:
- 770 (A) a capital loss;
- 771 (B) a passive loss;
- 772 (C) another item of deduction or loss if that item of deduction or loss is generally  
773 subject to significant reduction or limitation in calculating:
- 774 (I) for a pass-through entity taxpayer that is classified as a C corporation for  
775 federal income tax purposes, unadjusted income as defined in Section  
776 59-7-101;
- 777 (II) for a pass-through entity that is classified as an individual, partnership, or S  
778 corporation for federal income tax purposes, adjusted gross income; or

- 779 (III) for a pass-through entity that is classified as an estate or a trust for federal  
780 income tax purposes, unadjusted income as defined in Section 59-10-103; or  
781 (D) a tax credit allowed against a tax imposed under:  
782 (I) Chapter 7, Corporate Franchise and Income Taxes; or  
783 (II) this chapter.
- 784 (c) The rules the commission makes in accordance with Subsection (3)(a) may establish  
785 a method for taking into account items of income, gain, loss, deduction, or credit of a  
786 pass-through entity if:  
787 (i) for a pass-through entity except for a pass-through entity that is an S corporation,  
788 the pass-through entity does not analyze the items of income, gain, loss,  
789 deduction, or credit on the schedule for reporting partners' distributive share items  
790 as part of the federal income tax return for the pass-through entity; or  
791 (ii) for a pass-through entity that is an S corporation, the pass-through entity does not  
792 reconcile the items of income, gain, loss, deduction, or credit on the schedule for  
793 reporting shareholders' pro rata share items as part of the federal income tax return  
794 for the pass-through entity.
- 795 (4)(a) Except as provided in Subsection (4)(b), a pass-through entity shall remit to the  
796 commission the tax the pass-through entity pays or withholds on behalf of a  
797 pass-through entity taxpayer under this section:  
798 (i) on or before the due date of the pass-through entity's return, not including  
799 extensions; and  
800 (ii) on a form provided by the commission.
- 801 (b) A pass-through entity shall remit the tax described in Subsection (2) on or before the  
802 last day of the pass-through entity's taxable year.
- 803 (c) The commission shall consider only the amount of tax remitted as provided in  
804 Subsection (4)(b), on or before the last day of the pass-through entity's taxable year  
805 as a payment described in Subsection (2).
- 806 (d) Except as provided in Subsection (1)(b), a pass-through entity that files an amended  
807 return under this part shall pay or withhold tax on any increase in the income  
808 described in Subsection (1)(a)(i) on behalf of the pass-through entity taxpayer and  
809 remit that tax to the commission.
- 810 (5) A pass-through entity shall provide a statement to a pass-through entity taxpayer on  
811 behalf of whom the pass-through entity pays or withholds a tax under this section  
812 showing the amount of tax the pass-through entity pays or withholds under this section



- 813 for the taxable year on behalf of the pass-through entity taxpayer.
- 814 (6) Notwithstanding Section 59-1-401 or 59-1-402, the commission may not collect an  
815 amount under this section for a taxable year from a pass-through entity and shall waive  
816 any penalty and interest on that amount if:
- 817 (a) the pass-through entity fails to pay or withhold the tax on the amount as required by  
818 this section on behalf of the pass-through entity taxpayer;
- 819 (b) the pass-through entity taxpayer:
- 820 (i) files a return on or before the due date for filing the pass-through entity's return,  
821 including extensions; and
- 822 (ii) on or before the due date including extensions described in Subsection (6)(b)(i),  
823 pays the tax on the amount for the taxable year:
- 824 (A) if the pass-through entity taxpayer is classified as a C corporation for federal  
825 income tax purposes, under Chapter 7, Corporate Franchise and Income Taxes;  
826 or
- 827 (B) if the pass-through entity taxpayer is classified as an estate, individual,  
828 partnership, S corporation, or a trust for federal income tax purposes, under this  
829 chapter; and
- 830 (c) the pass-through entity applies to the commission.
- 831 (7) Notwithstanding Section 59-1-401 or 59-1-402, the commission may not collect an  
832 amount under this section for a taxable year from a pass-through entity that is a trust and  
833 shall waive any penalty and interest on that amount if:
- 834 (a) the pass-through entity fails to pay or withhold the tax on the amount as required by  
835 this section on behalf of a dependent beneficiary;
- 836 (b) the pass-through entity applies to the commission; and
- 837 (c)(i) the dependent beneficiary complies with the requirements of Subsection (6)(b);  
838 or
- 839 (ii)(A) the dependent beneficiary's adjusted gross income for the taxable year  
840 does not exceed the basic standard deduction for the dependent beneficiary, as  
841 calculated under Section 63, Internal Revenue Code, for that taxable year; and
- 842 (B) the trustee of the trust retains a statement of dependent beneficiary income on  
843 behalf of the dependent beneficiary.
- 844 (8) If a pass-through entity would have otherwise qualified for a waiver of a penalty and  
845 interest under Subsection (7), except that the trustee of a trust has not applied to the  
846 commission as required by Subsection (7)(b) or retained the statement of dependent

847 beneficiary income required by Subsection (7)(c)(ii)(B), it is a rebuttable presumption in  
848 an audit that the pass-through entity would have otherwise qualified for the waiver of the  
849 penalty and interest under Subsection (7).

850 Section 22. Section **59-10-1403.3** is amended to read:

851 **59-10-1403.3 . Refund of amounts paid or withheld for a pass-through entity.**

852 (1) As used in this section:

853 (a) "Committee" means the Revenue and Taxation Interim Committee.

854 (b) "Qualifying excess withholding" means an amount that:

855 (i) is paid or withheld:

856 (A) by a pass-through entity that has a different taxable year than the pass-through  
857 entity that requests a refund under this section; and

858 (B) on behalf of the pass-through entity that requests the refund, if the  
859 pass-through entity that requests the refund also is a pass-through entity  
860 taxpayer; and

861 (ii) is equal to the difference between:

862 (A) the amount paid or withheld for the taxable year on behalf of the pass-through  
863 entity that requests the refund; and

864 (B) the product of the [~~percentage listed in Subsection 59-10-104(2)~~] income tax  
865 rate and the income, described in Subsection 59-10-1403.2(1)(a)(i), of the  
866 pass-through entity that requests the refund.

867 (2) [~~For a taxable year ending on or after July 1, 2017, a~~] A pass-through entity may claim a  
868 refund of qualifying excess withholding, if the amount of the qualifying excess  
869 withholding is equal to or greater than \$250,000.

870 (3) A pass-through entity that requests a refund of qualifying excess withholding under this  
871 section shall:

872 (a) apply to the commission for a refund on or, subject to Subsection (4), after the day  
873 on which the pass-through entity files the pass-through entity's income tax return; and

874 (b) provide any information that the commission may require to determine that the  
875 pass-through entity is eligible to receive the refund.

876 (4) A pass-through entity shall claim a refund of qualifying excess withholding under this  
877 section within 30 days after the earlier of the day on which:

878 (a) the pass-through entity files an income tax return; or

879 (b) the pass-through entity's income tax return is due, including any extension of due  
880 date authorized in statute.

881 (5) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the  
 882 commission may make rules establishing the information that a pass-through entity shall  
 883 provide to the commission to obtain a refund of qualifying excess withholding under this  
 884 section.

885 ~~[(6)(a) On or before November 30, 2018, the committee shall review the \$250,000~~  
 886 ~~threshold described in Subsection (2) for the purpose of assessing whether the~~  
 887 ~~threshold amount should be maintained, increased, or decreased.]~~

888 ~~[(b) To assist the committee in conducting the review described in Subsection (6)(a),~~  
 889 ~~the commission shall provide the committee with:]~~

890 ~~[(i) the total number of refund requests made under this section;]~~

891 ~~[(ii) the total costs of any refunds issued under this section;]~~

892 ~~[(iii) the costs of any audits conducted on refund requests made under this section;~~  
 893 ~~and]~~

894 ~~[(iv) an estimation of:]~~

895 ~~[(A) the number of refund requests the commission expects to receive if the~~  
 896 ~~Legislature increases the threshold;]~~

897 ~~[(B) the number of refund requests the commission expects to receive if the~~  
 898 ~~Legislature decreases the threshold; and]~~

899 ~~[(C) the costs of any audits the commission would conduct if the Legislature~~  
 900 ~~increases or decreases the threshold.]~~

901 Section 23. Section **63I-1-259** is amended to read:

902 **63I-1-259 . Repeal dates: Title 59.**

903 (1) Subsection 59-1-403(4)(aa), regarding a requirement for the State Tax Commission to  
 904 inform the Department of Workforce Services whether an individual claimed a federal  
 905 earned income tax credit, is repealed July 1, 2029.

906 (2) Title 59, Chapter 1, Part 18, Income Tax Rate, is repealed July 1, 2036.

907 ~~[(2)]~~ (3) Section 59-7-618.1, Tax credit related to alternative fuel heavy duty vehicles, is  
 908 repealed July 1, 2029.

909 ~~[(3)]~~ (4) Section 59-9-102.5, Offset for occupational health and safety related donations, is  
 910 repealed December 31, 2030.

911 ~~[(4)]~~ (5) Section 59-10-1033.1, Tax credit related to alternative fuel heavy duty vehicles, is  
 912 repealed July 1, 2029.

913 Section 24. **Effective Date.**

914 (1) Except as provided in Subsection (2), this bill takes effect for a taxable year beginning

915        on or after January 1, 2026.

916    (2) The actions affecting the following sections take effect on January 1, 2026:

917        (a) Section 59-1-101;

918        (b) Section 59-1-1801;

919        (c) Section 59-1-1802; and

920        (d) Section 63I-1-259.