

# HB0190S01 compared with HB0190

~~{deleted text}~~ shows text that was in HB0190 but was deleted in HB0190S01.

inserted text shows text that was not in HB0190 but was inserted into HB0190S01.

**DISCLAIMER:** This document is provided to assist you in your comparison of the two bills. Sometimes this automated comparison will NOT be completely accurate. Therefore, you need to read the actual bills. This automatically generated document could contain inaccuracies caused by: limitations of the compare program; bad input data; or other causes.

~~{INTERNATIONAL TAX CREDITS}~~ Representative Brad R. Wilson proposes the following substitute bill:

## TAXATION OF FOREIGN INCOME AMENDMENTS

2016 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Brad R. Wilson**

Senate Sponsor: \_\_\_\_\_

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### LONG TITLE

#### General Description:

This bill ~~{creates a nonrefundable income tax credit for certain manufacturing and construction entities that pay a tax to a foreign country}~~ addresses adjustments to adjusted gross income.

#### Highlighted Provisions:

This bill:

- ▶ ~~{defines a qualifying taxpayer for purposes of this tax credit, and~~
- ▶ ~~enacts a nonrefundable income tax credit for a pass-through entity engaging in}~~ addresses adjustments to adjusted gross income for certain manufacturing ~~{or oil and gas pipeline and related structure construction in}~~ entities that pay an income tax to a foreign country.

#### Money Appropriated in this Bill:

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None

### Other Special Clauses:

This bill provides a special effective date.

### Utah Code Sections Affected:

#### AMENDS:

59-10-115, as last amended by Laws of Utah 2008, Chapters 382 and 389

#### ENACTS:

59-10-1036, Utah Code Annotated 1953

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

Section 1. Section 59-10-115 is amended to read:

**59-10-115. Adjustments to adjusted gross income.**

~~[(1)]~~ (1) As used in this section:

(a) "Net foreign source taxable income" means:

(i) the amount calculated on line 17 of Internal Revenue Code Form 1116, Foreign Tax

Credit; or

(ii) if, for purposes of federal individual income taxes the information contained on line 17 of Form 1116 is reported on a line other than line 17 of Form 1116, a line of a federal individual income tax form designated by the commission, by rule made in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, as being substantially similar to line 17 of the 2015 version of Form 1116.

(b) "Pass-through entity taxpayer" means the same as that term is defined in Section 59-10-1402.

~~[(1)]~~ (2) The commission shall allow an adjustment to adjusted gross income of a resident or nonresident individual if the resident or nonresident individual would otherwise:

(a) receive a double tax benefit under this part; or

(b) suffer a double tax detriment under this part.

(3) For a pass-through entity taxpayer generating taxable income primarily from establishments classified in Code Section 33242, Metal Tank (Heavy Gauge) Manufacturing, of the 2002 or 2007 North American Industry Classification System of the federal Executive Office of the President, Office of Management and Budget, an adjustment described in

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Subsection (2) includes net foreign source taxable income generated from Metal Tank (Heavy Gauge) Manufacturing establishments.

~~[(2)] (4)~~ In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the commission may make rules to allow for the adjustment to adjusted gross income required by Subsection ~~+(1)~~.

~~Section 1. Section 59-10-1036 is enacted to read:~~

~~59-10-1036. Definitions -- Tax credit for tax paid to a foreign country:~~

~~(1) As used in this section, "qualifying taxpayer" means a person that:~~

~~(a) is a resident pass-through entity taxpayer as that term is defined in Section 59-10-1402;~~

~~(b) earns taxable income through economic activities classified in one of the following NAICS codes of the 2002 or 2007 North American Industry Classification System of the federal Executive Office of the President, Office of Management and Budget:~~

~~(i) NAICS Code Section 33242, Metal Tank (Heavy Gauge) Manufacturing; or~~

~~(ii) NAICS Code Section 23712, Oil and Gas Pipeline and Related Structures Construction; and~~

~~(c) pays income taxes to a foreign country.~~

~~(2) Except as provided in Subsection (4), a qualifying taxpayer may claim a nonrefundable tax credit against the tax otherwise due under this chapter, equal to the amount of the tax that is imposed:~~

~~(a) by a foreign country;~~

~~(b) on the qualifying taxpayer for the taxable year; and~~

~~(c) on income of the qualifying taxpayer:~~

~~(i) derived from sources within that foreign country; and~~

~~(ii) if that income is also subject to tax under this chapter.~~

~~(3) A qualifying taxpayer shall compute and claim the tax credit provided by this section in accordance with rules made by the commission in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act.~~

~~(4) (a) Subject to Subsection (4)(b), the qualifying taxpayer may carry forward, for a period that does not exceed the next five taxable years, the amount of the tax credit that exceeds the qualifying taxpayer's tax liability under this chapter for a taxable year.~~

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~~— (b) The application of the tax credit provided under this section may not operate to reduce the tax payable under this chapter to an amount less than would have been payable were the income from the foreign country disregarded.~~

~~— (5) A qualifying taxpayer may not assign the tax credit provided for by this section to another person.~~

~~† (1)(2).~~

Section 2. **Effective date.**

This bill takes effect on January 1, 2017.

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**Legislative Review Note**

**Office of Legislative Research and General Counsel†**