

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

Social Security Tax Revisions
2025 GENERAL SESSION
STATE OF UTAH
Chief Sponsor: Wayne A. Harper
House Sponsor: Walt Brooks

Cosponsor:
Heidi Balderree



LONG TITLE

General Description:

This bill modifies the individual income tax credit for social security benefits.

Highlighted Provisions:

This bill:

- expands eligibility for the social security benefits tax credit by increasing the thresholds for the income-based phaseout; and
- makes technical changes.

Money Appropriated in this Bill:

None

Other Special Clauses:

This bill provides retrospective operation.

Utah Code Sections Affected:

AMENDS:

59-10-1042, as last amended by Laws of Utah 2023, Chapter 459



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

Section 1. Section **59-10-1042** is amended to read:

59-10-1042 . Nonrefundable tax credit for social security benefits.

(1) As used in this section:

- (a) "Head of household filing status" means the same as that term is defined in Section 59-10-1018.
- (b) "Joint filing status" means the same as that term is defined in Section 59-10-1018.

- 26 (c) "Married filing separately status" means a married individual who:
27 (i) does not file a single federal individual income tax return jointly with that married
28 individual's spouse for the taxable year; and
29 (ii) files a single federal individual income tax return for the taxable year.
- 30 (d) "Modified adjusted gross income" means the sum of the following for a claimant or,
31 if the claimant's return under this chapter is allowed a joint filing status, the claimant
32 and the claimant's spouse:
33 (i) adjusted gross income for the taxable year for which a tax credit is claimed under
34 this section;
35 (ii) any interest income that is not included in adjusted gross income for the taxable
36 year described in Subsection (1)(d)(i); and
37 (iii) any addition to adjusted gross income required by Section 59-10-114 for the
38 taxable year described in Subsection (1)(d)(i).
- 39 (e) "Single filing status" means a single individual who files a single federal individual
40 income tax return for the taxable year.
- 41 (f) "Social security benefit" means an amount received by a claimant as a monthly
42 benefit in accordance with the Social Security Act, 42 U.S.C. Sec. 401 et seq.
- 43 (2) Except as provided in Section 59-10-1002.2 and Subsections (3) and (4), each claimant
44 on a return that receives a social security benefit may claim a nonrefundable tax credit
45 against taxes otherwise due under this part equal to the product of:
46 (a) the percentage listed in Subsection 59-10-104(2); and
47 (b) the claimant's social security benefit that is included in [~~adjusted gross income on the~~
48 ~~claimant's federal income tax return~~] the claimant's state taxable income for the
49 taxable year.
- 50 (3) A claimant may not:
51 (a) carry forward or carry back the amount of a tax credit under this section that exceeds
52 the claimant's tax liability for the taxable year; or
53 (b) claim a tax credit under this section for a taxable year if a tax credit under Section
54 59-10-1019 is claimed on the claimant's return for the same taxable year.
- 55 (4) The tax credit allowed by Subsection (2) claimed on a return filed under this part shall
56 be reduced by \$.025 for each dollar by which modified adjusted gross income for
57 purposes of the return exceeds:
58 (a) for a federal individual income tax return that is allowed a married filing separately
59 status, [~~\$37,500~~] \$45,000;

- 60 (b) for a federal individual income tax return that is allowed a single filing status, [
61 \$45,000] \$54,000;
- 62 (c) for a federal individual income tax return that is allowed a head of household filing
63 status, [~~\$75,000~~] \$90,000; or
- 64 (d) for a return under this chapter that is allowed a joint filing status, [~~\$75,000~~] \$90,000.
- 65 (5) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
66 commission may make rules governing the calculation and method for claiming the tax
67 credit described in this section.

68 **Section 2. Effective date.**

69 This bill takes effect on May 7, 2025.

70 **Section 3. Retrospective operation.**

71 This bill has retrospective operation for a taxable year beginning on or after January 1,
72 2025.