



**Date: 2/3/2026 | Policy Analyst: Chris Stitt | Prepared For: Representative Melissa Ballard**

## HB 210 2<sup>nd</sup> Sub: Tax Penalties Amendments

Marriage penalties exist in Utah's income tax system. These penalties are primarily in income tax credits and are differences in the treatment of filing status. The sponsor is seeking to remove disincentives against marriage and promote marriage. To achieve this, the sponsor is considering modifications to the tax code as a mechanism to promote marriage.

### **Policy Goal**

- Remove marriage penalties and promote marriage.

### **Key Policy Changes**

- Modification of four existing income tax credits and the taxpayer exemption to remove marriage penalties
  - Taxpayer Tax Credit
  - Social Security Tax Credit
  - Retirement Tax Credit
  - Child Tax Credit
- Creation of the marriage tax credit to provide a marriage incentive

## Income Tax Credits and Taxpayer Exemption

The marriage penalties in Utah's tax code are primarily from income tax credits with income phaseouts. The income phaseouts are thresholds of income that if reached by a taxpayer will reduce the credit amount for every additional dollar of income the taxpayer has. There are four income tax credits with income phaseouts stated in code that also have a marriage penalty because of these phaseouts. The policy lowers the Head of Household and Single filer phaseouts of the four credits to 50% of the married filing joint phaseout.

Additionally, the taxpayer exemption, the amount below which a taxpayer is exempt from Utah income tax, bears a marriage penalty as it relies on the Federal standard deduction amount, which is different for each filing type. Instead of using the standard deduction of the taxpayer as the threshold for income tax, the taxpayer's filing status is considered. The taxpayer would be exempt from taxation if their income as married filing joint is less than the married filing joint standard deduction, and all other filing types would be exempt from taxation if their income is less than 50% of the married filing joint standard deduction.

<i>Tax Provision</i>	<i>Filing Status</i>	<i>Current Income Phaseout</i>	<i>Proposed Income Phaseout</i>
<i>Taxpayer Tax Credit</i>	Married Filing Separate	\$16,652	\$16,652
	Single	\$16,652	\$16,652
	Head of Household	\$26,478	\$16,652
	Married Filing Joint	\$33,304	\$33,304
<i>Social Security Tax Credit</i>	Married Filing Separate	\$45,000	\$45,000
	Single	\$54,000	\$45,000
	Head of Household	\$90,000	\$45,000
	Married Filing Joint	\$90,000	\$90,000
<i>Retirement Tax Credit</i>	Married Filing Separate	\$16,000	\$16,000
	Single	\$25,000	\$16,000
	Head of Household	\$32,000	\$16,000
	Married Filing Joint	\$32,000	\$32,000
<i>Child Tax Credit</i>	Married Filing Separate	\$27,000	\$27,000
	Single	\$43,000	\$27,000
	Head of Household	\$43,000	\$27,000
	Married Filing Joint	\$54,000	\$54,000

## Marriage Tax Credit

To achieve the sponsor's goal of providing a marriage incentive this bill creates a nonrefundable marriage tax credit. The tax credit may be claimed by a taxpayer who has a married filing joint filing status or a married filing separate status. The credit has an income qualification based on filing type; a claimant must have an adjusted gross income no more than the income threshold to qualify. The claimant may not carry forward or carry back the amount of the credit that exceeds the claimant's tax liability.

<i>Filing Status</i>	<i>Income Threshold</i>	<i>Credit Amount</i>
<i>Married Filing Joint</i>	\$90,000	\$158
<i>Married Filing Separate</i>	\$45,000	\$79

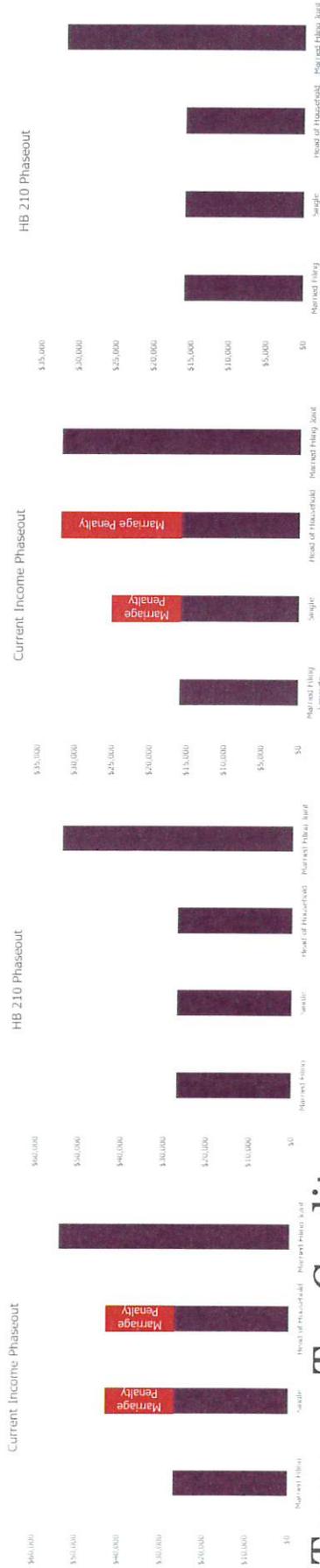


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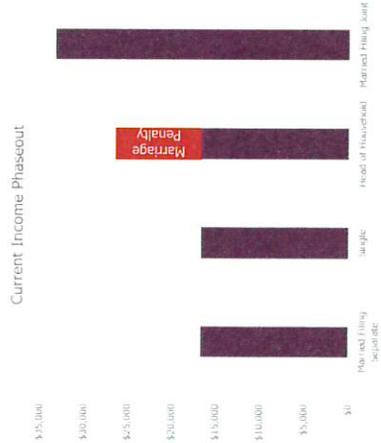
**Child Tax Credit**

**Bill Analysis**

**Retirement Tax Credit**



**Taxpayer Tax Credit**



**Social Security Tax Credit**



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