

**Effective 10/14/2025**

**59-10-114 Additions to and subtractions from adjusted gross income of an individual.**

- (1) There shall be added to adjusted gross income of a resident or nonresident individual:
- (a) a lump sum distribution that the taxpayer does not include in adjusted gross income on the taxpayer's federal individual income tax return for the taxable year;
  - (b) the amount of a child's income calculated under Subsection (4) that:
    - (i) a parent elects to report on the parent's federal individual income tax return for the taxable year; and
    - (ii) the parent does not include in adjusted gross income on the parent's federal individual income tax return for the taxable year;
  - (c)
    - (i) a withdrawal from a medical care savings account and any penalty imposed for the taxable year if:
      - (A) the resident or nonresident individual does not deduct the amounts on the resident or nonresident individual's federal individual income tax return under Section 220, Internal Revenue Code;
      - (B) the withdrawal is subject to Subsections 31A-32a-105(1) and (2); and
      - (C) the withdrawal is subtracted on, or used as the basis for claiming a tax credit on, a return the resident or nonresident individual files under this chapter;
    - (ii) a disbursement required to be added to adjusted gross income in accordance with Subsection 31A-32a-105(3); or
    - (iii) an amount required to be added to adjusted gross income in accordance with Subsection 31A-32a-105(5)(c);
  - (d) the amount withdrawn under Title 53H, Chapter 10, Utah Education Savings, from the account of a resident or nonresident individual who is an account owner as defined in Section 53H-10-101, for the taxable year for which the amount is withdrawn, if that amount withdrawn from the account of the resident or nonresident individual who is the account owner:
    - (i) is not expended for:
      - (A) higher education costs as defined in Section 53H-10-201; or
      - (B) a payment or distribution that qualifies as an exception to the additional tax for distributions not used for educational expenses provided in Sections 529(c) and 530(d), Internal Revenue Code; and
    - (ii) is:
      - (A) subtracted by the resident or nonresident individual:
        - (I) who is the account owner; and
        - (II) on the resident or nonresident individual's return filed under this chapter for a taxable year beginning on or before December 31, 2007; or
      - (B) used as the basis for the resident or nonresident individual who is the account owner to claim a tax credit under Section 59-10-1017;
  - (e) except as provided in Subsection (5), for bonds, notes, and other evidences of indebtedness acquired on or after January 1, 2003, the interest from bonds, notes, and other evidences of indebtedness:
    - (i) issued by one or more of the following entities:
      - (A) a state other than this state;
      - (B) the District of Columbia;
      - (C) a political subdivision of a state other than this state; or
      - (D) an agency or instrumentality of an entity described in Subsections (1)(e)(i)(A) through (C); and

- (ii) to the extent the interest is not included in adjusted gross income on the taxpayer's federal income tax return for the taxable year;
  - (f) subject to Subsection (2)(c), any distribution received by a resident beneficiary of a resident trust of income that was taxed at the trust level for federal tax purposes, but was subtracted from state taxable income of the trust pursuant to Subsection 59-10-202(2)(b);
  - (g) any distribution received by a resident beneficiary of a nonresident trust of undistributed distributable net income realized by the trust on or after January 1, 2004, if that undistributed distributable net income was taxed at the trust level for federal tax purposes, but was not taxed at the trust level by any state, with undistributed distributable net income considered to be distributed from the most recently accumulated undistributed distributable net income;
  - (h) any adoption expense:
    - (i) for which a resident or nonresident individual receives reimbursement from another person; and
    - (ii) to the extent to which the resident or nonresident individual subtracts that adoption expense:
      - (A) on a return filed under this chapter for a taxable year beginning on or before December 31, 2007; or
      - (B) from federal taxable income on a federal individual income tax return;
  - (i) the amount of tax paid on income attributed to the individual in accordance with Subsection 59-10-1403.2(2) that is not included in adjusted gross income; and
  - (j) the amount of tax paid:
    - (i) on income attributed to the individual and taxable in this state, that is not included in adjusted gross income;
    - (ii) to another state; and
    - (iii) that the commission determines is substantially similar to the tax imposed under Subsection 59-10-1403.2(2).
- (2) There shall be subtracted from adjusted gross income of a resident or nonresident individual:
- (a) the difference between:
    - (i) the interest or a dividend on an obligation or security of the United States or an authority, commission, instrumentality, or possession of the United States, to the extent that interest or dividend is:
      - (A) included in adjusted gross income for federal income tax purposes for the taxable year; and
      - (B) exempt from state income taxes under the laws of the United States; and
    - (ii) any interest on indebtedness incurred or continued to purchase or carry the obligation or security described in Subsection (2)(a)(i);
  - (b) if the conditions of Subsection (3)(a) are met, the amount of income derived by a Ute tribal member:
    - (i) during a time period that the Ute tribal member resides on homesteaded land diminished from the Uintah and Ouray Reservation; and
    - (ii) from a source within the Uintah and Ouray Reservation;
  - (c) an amount received by a resident or nonresident individual or distribution received by a resident or nonresident beneficiary of a resident trust:
    - (i) if that amount or distribution constitutes a refund of taxes imposed by:
      - (A) a state; or
      - (B) the District of Columbia; and
    - (ii) to the extent that amount or distribution is included in adjusted gross income for that taxable year on the federal individual income tax return of the resident or nonresident individual or resident or nonresident beneficiary of a resident trust;

- (d) the amount of a railroad retirement benefit:
  - (i) paid:
    - (A) in accordance with The Railroad Retirement Act of 1974, 45 U.S.C. Sec. 231 et seq.;
    - (B) to a resident or nonresident individual; and
    - (C) for the taxable year; and
  - (ii) to the extent that railroad retirement benefit is included in adjusted gross income on that resident or nonresident individual's federal individual income tax return for that taxable year;
- (e) an amount:
  - (i) received by an enrolled member of an American Indian tribe; and
  - (ii) to the extent that the state is not authorized or permitted to impose a tax under this part on that amount in accordance with:
    - (A) federal law;
    - (B) a treaty; or
    - (C) a final decision issued by a court of competent jurisdiction;
- (f) an amount received:
  - (i) for the interest on a bond, note, or other obligation issued by an entity for which state statute provides an exemption of interest on its bonds from state individual income tax;
  - (ii) by a resident or nonresident individual;
  - (iii) for the taxable year; and
  - (iv) to the extent the amount is included in adjusted gross income on the taxpayer's federal income tax return for the taxable year;
- (g) the amount of all income, including income apportioned to another state, of a nonmilitary spouse of an active duty military member if:
  - (i) both the nonmilitary spouse and the active duty military member are nonresident individuals;
  - (ii) the active duty military member is stationed in Utah;
  - (iii) the nonmilitary spouse is subject to the residency provisions of 50 U.S.C. Sec. 4001(a)(2); and
  - (iv) the income is included in adjusted gross income for federal income tax purposes for the taxable year;
- (h) the amount of any FDIC premium paid or incurred by the taxpayer that is disallowed as a deduction for federal income tax purposes under Section 162(r), Internal Revenue Code, for the taxable year;
- (i) an amount of a distribution from a qualified retirement plan under Section 401(a), Internal Revenue Code, if:
  - (i) the amount of the distribution is included in adjusted gross income on the resident or nonresident individual's federal individual income tax return for the taxable year; and
  - (ii) for the taxable year when the amount of the distribution was contributed to the qualified retirement plan, the amount of the distribution:
    - (A) was not included in adjusted gross income on the resident or nonresident individual's federal individual income tax return for the taxable year; and
    - (B) was taxed by another state of the United States, the District of Columbia, or a possession of the United States; and
- (j) the amount of any repayment in the current taxable year of social security income received in a previous taxable year if:
  - (i) the individual claimed a credit for the repayment on the individual's federal individual income tax return for the current taxable year; and
  - (ii) the individual did not claim a tax credit under Section 59-10-1042 for the taxable year in which the individual received the social security income.

- (3)
  - (a) A subtraction for an amount described in Subsection (2)(b) is allowed only if:
    - (i) the taxpayer is a Ute tribal member; and
    - (ii) the governor and the Ute tribe execute and maintain an agreement meeting the requirements of this Subsection (3).
  - (b) The agreement described in Subsection (3)(a):
    - (i) may not:
      - (A) authorize the state to impose a tax in addition to a tax imposed under this chapter;
      - (B) provide a subtraction under this section greater than or different from the subtraction described in Subsection (2)(b); or
      - (C) affect the power of the state to establish rates of taxation; and
    - (ii) shall:
      - (A) provide for the implementation of the subtraction described in Subsection (2)(b);
      - (B) be in writing;
      - (C) be signed by:
        - (I) the governor; and
        - (II) the chair of the Business Committee of the Ute tribe;
      - (D) be conditioned on obtaining any approval required by federal law; and
      - (E) state the effective date of the agreement.
  - (c)
    - (i) The governor shall report to the commission by no later than February 1 of each year regarding whether or not an agreement meeting the requirements of this Subsection (3) is in effect.
    - (ii) If an agreement meeting the requirements of this Subsection (3) is terminated, the subtraction permitted under Subsection (2)(b) is not allowed for taxable years beginning on or after the January 1 following the termination of the agreement.
  - (d) For purposes of Subsection (2)(b) and in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the commission may make rules:
    - (i) for determining whether income is derived from a source within the Uintah and Ouray Reservation; and
    - (ii) that are substantially similar to how adjusted gross income derived from Utah sources is determined under Section 59-10-117.
- (4)
  - (a) For purposes of this Subsection (4), "Form 8814" means:
    - (i) the federal individual income tax Form 8814, Parents' Election To Report Child's Interest and Dividends; or
    - (ii)
      - (A) a form designated by the commission in accordance with Subsection (4)(a)(ii)(B) as being substantially similar to 2000 Form 8814 if for purposes of federal individual income taxes the information contained on 2000 Form 8814 is reported on a form other than Form 8814; and
      - (B) for purposes of Subsection (4)(a)(ii)(A) and in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the commission may make rules designating a form as being substantially similar to 2000 Form 8814 if for purposes of federal individual income taxes the information contained on 2000 Form 8814 is reported on a form other than Form 8814.
  - (b) The amount of a child's income added to adjusted gross income under Subsection (1)(b) is equal to the difference between:

- (i) the lesser of:
  - (A) the base amount specified on Form 8814; and
  - (B) the sum of the following reported on Form 8814:
    - (I) the child's taxable interest;
    - (II) the child's ordinary dividends; and
    - (III) the child's capital gain distributions; and
  - (ii) the amount not taxed that is specified on Form 8814.
- (5) Notwithstanding Subsection (1)(e), interest from bonds, notes, and other evidences of indebtedness issued by an entity described in Subsections (1)(e)(i)(A) through (D) may not be added to adjusted gross income of a resident or nonresident individual if, as annually determined by the commission:
  - (a) for an entity described in Subsection (1)(e)(i)(A) or (B), the entity and all of the political subdivisions, agencies, or instrumentalities of the entity do not impose a tax based on income on any part of the bonds, notes, and other evidences of indebtedness of this state; or
  - (b) for an entity described in Subsection (1)(e)(i)(C) or (D), the following do not impose a tax based on income on any part of the bonds, notes, and other evidences of indebtedness of this state:
    - (i) the entity; or
    - (ii)
      - (A) the state in which the entity is located; or
      - (B) the District of Columbia, if the entity is located within the District of Columbia.

Amended by Chapter 9, 2025 Special Session 1