

**MINERAL PRODUCTION TAX WITHHOLDING
AMENDMENTS**

2002 GENERAL SESSION

STATE OF UTAH

Sponsor: Gordon E. Snow

This act amends the Mineral Production Tax Withholding Act to provide that certain organizations exempt from state corporate franchise or income taxes are exempt from mineral production tax withholding, and to make technical changes. This act takes effect on July 1, 2002.

This act affects sections of Utah Code Annotated 1953 as follows:

AMENDS:

59-6-102, as last amended by Chapter 170, Laws of Utah 1993

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

Section 1. Section **59-6-102** is amended to read:

59-6-102. Producer's obligation to deduct and withhold payments -- Amount -- Exempt payments -- Credit against tax.

(1) [~~Each producer, except~~ Except as [~~otherwise~~] provided in Subsection (2), each producer shall deduct and withhold from each payment being made to any person in respect to production of minerals in this state, but not including that to which the producer is entitled, an amount equal to 5% of the amount which would have otherwise been payable to the person entitled to the payment.

(2) [~~The~~] Notwithstanding Subsection (1), the obligation to deduct and withhold from payments as provided in Subsection (1) does not apply to those payments which are [~~due~~] payable to:

(a) the United States, this state, or [~~any of their agencies~~] an agency or political [~~subdivisions~~] subdivision of the United States or this state;

(b) [~~any charitable institution~~] an organization that is exempt from the taxes imposed by Chapter 7, Corporate Franchise and Income Taxes, in accordance with Subsection 59-7-102(1)(a);

or

(c) ~~[any]~~ an Indian or Indian tribe if the amounts accruing are subject to the supervision of the United States or ~~[any of its agencies]~~ an agency of the United States.

(3) ~~[Any]~~ (a) A person who files ~~[an income, franchise, or gross receipts]~~ a tax return with the state in accordance with the following is entitled to a credit against the tax reflected on the return for the amount withheld by the producer under Subsection (1)~~[-]~~:

(i) Chapter 7, Corporate Franchise and Income Taxes;

(ii) Chapter 8, Gross Receipts Tax on Certain Corporations not Required to Pay Corporate Franchise or Income Tax Act;

(iii) Chapter 8a, Gross Receipts Tax on Electrical Corporations Act; or

(iv) Chapter 10, Individual Income Tax Act.

(b) If the amount withheld under Subsection (1) is greater than the tax due on the return, the person making the return is entitled to a refund in the amount of the overpayment.

Section 2. **Effective date.**

This act takes effect on July 1, 2002.