

INDIVIDUAL INCOME TAX - NONRESIDENT

INCOME AMENDMENTS

2004 GENERAL SESSION

STATE OF UTAH

Sponsor: Curtis S. Bramble

LONG TITLE

General Description:

This bill amends the Individual Income Tax Act.

Highlighted Provisions:

This bill:

- ▶ provides and modifies definitions;
- ▶ addresses the calculation of state individual income taxes imposed on a nonresident individual;
 - ▶ provides that compensation a nonresident servicemember receives for military service is subtracted from income for purposes of calculating the nonresident servicemember's state individual income tax;
 - ▶ grants rulemaking authority to the State Tax Commission; and
 - ▶ makes technical changes.

Monies Appropriated in this Bill:

None

Other Special Clauses:

This bill has retrospective operation for taxable years beginning on or after January 1, 2004.

Utah Code Sections Affected:

AMENDS:

59-10-116, as last amended by Chapter 323, Laws of Utah 2001

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

Section 1. Section **59-10-116** is amended to read:

59-10-116. Definitions -- Tax on nonresident individual -- Calculation --

Exemption.

(1) For purposes of this section:

(a) "military service" is as defined in Pub. L. No. 108-189, Sec. 101;

(b) "servicemember" is as defined in Pub. L. No. 108-189, Sec. 101;

~~[(a)]~~ (c) "state income tax percentage" means a percentage equal to a nonresident individual's federal adjusted gross income for the taxable year received from Utah sources, as determined under Section 59-10-117, divided by the difference between:

(i) the nonresident individual's total federal adjusted gross income for that taxable year;
and

(ii) if the nonresident individual described in Subsection (1)(c)(i) is a servicemember, the compensation the servicemember receives for military service if the servicemember is serving in compliance with military orders; and

~~[(b)]~~ (d) "unapportioned state ~~[taxable income]~~ tax" means the product of the:

(i) difference between:

(A) a nonresident individual's~~[-(i)]~~ federal taxable income, as defined in Section 59-10-111, with the modifications, subtractions, and adjustments provided for in Section 59-10-114; and

(B) if the nonresident individual described in Subsection (1)(d)(i)(A) is a servicemember, compensation the servicemember receives for military service if the servicemember is serving in compliance with military orders; and

(ii) tax rate imposed under Section 59-10-104.

(2) ~~[(a)]~~ Except as provided in Subsection (3), a tax is imposed ~~[as provided in this section on the state taxable income calculated under this section of]~~ on a nonresident individual~~[-~~

~~(b) The tax under this section shall be calculated by multiplying]~~ in an amount equal to the product of the nonresident individual's;

(a) unapportioned state ~~[taxable income by the nonresident individual's]~~ tax; and

(b) state income tax percentage.

(3) This section does not apply to a nonresident individual exempt from taxation under Section 59-10-104.1.

(4) In accordance with Title 63, Chapter 46a, Utah Administrative Rulemaking Act, for purposes of Subsection (1), the commission may by rule define what constitutes compensation.

Section 2. Retrospective operation.

This bill has retrospective operation for taxable years beginning on or after January 1, 2004.