

1 **EXEMPTIONS FROM REQUIREMENTS TO**
2 **DEDUCT AND WITHHOLD AN INCOME TAX**

3 2009 GENERAL SESSION

4 STATE OF UTAH

5 **Chief Sponsor: Craig A. Frank**

6 Senate Sponsor: _____

8 **LONG TITLE**

9 **Committee Note:**

10 The Revenue and Taxation Interim Committee recommended this bill.

11 **General Description:**

12 This bill amends the Withholding of Tax part to address exemptions from the
13 requirements to deduct and withhold an income tax.

14 **Highlighted Provisions:**

15 This bill:

- 16 ▶ provides an exemption from the requirement for an employer to deduct and
17 withhold an income tax if certain requirements are met relating to:
- 18 • the number of days an employee performed or is expected to perform services in
19 the state in certain taxable years; and
 - 20 • the amount of wages an employee received or is expected to receive in certain
21 taxable years;
- 22 ▶ grants rulemaking authority to the State Tax Commission; and
23 ▶ makes technical changes.

24 **Monies Appropriated in this Bill:**

25 None

26 **Other Special Clauses:**

27 None



28 **Utah Code Sections Affected:**

29 AMENDS:

30 **59-10-403**, as renumbered and amended by Laws of Utah 1987, Chapter 2



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

33 Section 1. Section **59-10-403** is amended to read:

34 **59-10-403. Exemptions from employer requirement to deduct and withhold a tax**
35 **-- Rulemaking authority.**

36 (1) Notwithstanding any other provision of this chapter, an employer is not required to
37 deduct and withhold any tax under this chapter upon a payment of wages to an employee;

38 (a) if there is in effect with respect to ~~[such]~~ that payment a withholding exemption
39 certificate ~~[(in such form and containing such other information as the commission may~~
40 ~~prescribe)]~~ furnished to the employer by the employee, certifying that the employee:

41 ~~[(a)]~~ (i) incurred no liability for [income] a tax imposed under this chapter for [his] the
42 employee's immediately preceding taxable year; and

43 ~~[(b) anticipates that he will incur no liability for income]~~

44 (ii) expects that the employee will not incur liability for a tax imposed under this
45 chapter for [his] the employee's current taxable year[-]; or

46 (b) if:

47 (i) the employer expects the employee to perform services in the state for that employer
48 for less than 20 days in the employer's current taxable year;

49 (ii) the employee performed services in the state for that employer for less than 20 days
50 in the employer's previous taxable year;

51 (iii) the employer expects that the employee will receive wages derived from or
52 connected with Utah sources from that employer of less than \$50,000 in the employer's current
53 taxable year; and

54 (iv) the employee received wages derived from or connected with Utah sources from
55 that employer of less than \$50,000 in the employer's previous taxable year.

56 (3) The commission shall prescribe:

57 (a) the form for the exemption certificate described in Subsection (1)(a); and

58 (b) the information required to be reported on the exemption certificate described in

59 Subsection (1)(a).

60 [~~(2) The commission shall by rule]~~

61 (4) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
62 commission:

63 (a) shall provide for the coordination of the provisions of this section with the
64 provisions of Section 59-10-402[-]; and

65 (b) may provide procedures for determining whether an employee's wages are derived
66 from or connected with Utah sources.

Legislative Review Note
as of 11-25-08 3:26 PM

Office of Legislative Research and General Counsel