

1 **INCOME TAX AMENDMENTS**

2 2013 GENERAL SESSION

3 STATE OF UTAH

4 **Chief Sponsor: Brian S. King**

5 Senate Sponsor: _____

7 **LONG TITLE**

8 **General Description:**

9 This bill amends provisions related to the individual income tax.

10 **Highlighted Provisions:**

11 This bill:

- 12 ▶ creates income tax brackets;
- 13 ▶ increases individual income tax rates on taxpayers with state taxable income above
- 14 certain levels; and
- 15 ▶ makes technical and conforming changes.

16 **Money Appropriated in this Bill:**

17 None

18 **Other Special Clauses:**

19 This bill takes effect for a taxable year beginning on or after January 1, 2014.

20 **Utah Code Sections Affected:**

21 AMENDS:

22 **59-10-104**, as last amended by Laws of Utah 2008, Chapter 389

23 **59-10-116**, as last amended by Laws of Utah 2008, Chapters 382 and 389

24 **59-10-201**, as last amended by Laws of Utah 2010, Chapter 6

25 **59-10-205**, as last amended by Laws of Utah 2008, Chapter 389

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



28 Section 1. Section **59-10-104** is amended to read:

29 **59-10-104. Tax basis -- Tax rate -- Exemption.**

30 (1) [~~For taxable years beginning on or after January 1, 2008, a~~] A tax is imposed on the
31 state taxable income of a resident individual as provided in this section.

32 (2) For purposes of Subsection (1), for a taxable year, [~~the tax is an amount equal to the~~
33 ~~product of:~~ (a)] if the resident individual's state taxable income for that taxable year[~~; and~~] is:

34 [~~(b) 5%.~~]

35 (a) less than or equal to \$250,000, the tax is 5% of state taxable income;

36 (b) greater than \$250,000 but less than or equal to \$1,000,000, the tax is \$12,500 plus
37 6% of state taxable income greater than \$250,000; or

38 (c) greater than \$1,000,000, the tax is \$42,500 plus 7% of state taxable income greater
39 than \$1,000,000.

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

42 Section 2. Section **59-10-116** is amended to read:

43 **59-10-116. Tax on nonresident individual -- Calculation -- Exemption.**

44 (1) (a) Except as provided in Subsection (2), a tax is imposed on the state taxable
45 income of a nonresident individual [~~in an amount equal to the product of the:~~] as provided in
46 this section.

47 [~~(a)~~] (b) For purposes of Subsection (1)(a), for a taxable year, if the nonresident
48 individual's state taxable income[~~; and~~] is:

49 [~~(b) percentage listed in Subsection 59-10-104(2):~~]

50 (i) less than or equal to \$250,000, the tax is 5% of state taxable income;

51 (ii) greater than \$250,000 but less than or equal to \$1,000,000, the tax is \$12,500 plus
52 6% of state taxable income greater than \$250,000; or

53 (iii) greater than \$1,000,000, the tax is \$42,500 plus 7% of state taxable income greater
54 than \$1,000,000.

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

57 Section 3. Section **59-10-201** is amended to read:

58 **59-10-201. Taxation of resident trusts and estates.**

59 (1) (a) Except as provided in Subsection (2), a tax [~~determined in accordance with the~~
60 ~~rate prescribed by Subsection 59-10-104(2)(b)] is imposed [for each taxable year] on the state
61 taxable income of [~~each~~] a resident estate or trust as provided in this section.~~

62 (b) For purposes of Subsection (1)(a), for a taxable year, if the state taxable income of
63 the resident estate or trust for that taxable year is:

64 (i) less than or equal to \$250,000, the tax is 5% of state taxable income;

65 (ii) greater than \$250,000 but less than or equal to \$1,000,000, the tax is \$12,500 plus
66 6% of state taxable income greater than \$250,000; or

67 (iii) greater than \$1,000,000, the tax is \$42,500 plus 7% of state taxable income greater
68 than \$1,000,000.

69 (2) The following are not subject to a tax imposed by this part:

70 (a) a resident estate or trust that is not required to file a federal income tax return for
71 estates and trusts for the taxable year; or

72 (b) a resident trust taxed as a corporation.

73 (3) A resident estate or trust shall be allowed the credit provided in Section
74 59-10-1003, relating to an income tax imposed by another state, except that the limitation shall
75 be computed by reference to the taxable income of the estate or trust.

76 (4) The property of the Utah Educational Savings Plan established in Title 53B,
77 Chapter 8a, Utah Educational Savings Plan, and its income from operations and investments
78 are exempt from all taxation by the state under this chapter.

79 Section 4. Section **59-10-205** is amended to read:

80 **59-10-205. Tax on nonresident estate or trust.**

81 (1) (a) Except as provided in Subsection (2), a tax is imposed on the state taxable
82 income of a nonresident estate or trust [in an amount equal to the product of:] as provided in
83 this section.

84 [~~(a) the nonresident estate's or trust's state taxable income as determined under Section~~
85 ~~59-10-204, and]~~

86 [~~(b) the percentage listed in Subsection 59-10-104(2).]~~

87 (b) For purposes of Subsection (1)(a), for a taxable year, if the state taxable income of
88 the nonresident estate or trust for that taxable year is:

89 (i) less than or equal to \$250,000, the tax is 5% of state taxable income;

90 (ii) greater than \$250,000 but less than or equal to \$1,000,000, the tax is \$12,500 plus
91 6% of state taxable income greater than \$250,000; or

92 (iii) greater than \$1,000,000, the tax is \$42,500 plus 7% of state taxable income greater
93 than \$1,000,000.

94 (2) The following are not subject to a tax imposed by this part:

95 (a) a nonresident estate or trust that is not required to file a federal income tax return
96 for estates and trusts for the taxable year; or

97 (b) a nonresident trust taxed as a corporation.

98 Section 5. **Effective date.**

99 This bill takes effect for a taxable year beginning on or after January 1, 2014.

Legislative Review Note
as of **2-5-13 10:20 AM**

Office of Legislative Research and General Counsel