1	INTERNATIONAL TAX CREDITS
2	2016 GENERAL SESSION
3	STATE OF UTAH
4	Chief Sponsor: Brad R. Wilson
5	Senate Sponsor:
6 7	LONG TITLE
8	General Description:
9	This bill creates a nonrefundable income tax credit for certain manufacturing and
10	construction entities that pay a tax to a foreign country.
11	Highlighted Provisions:
12	This bill:
13	 defines a qualifying taxpayer for purposes of this tax credit; and
14	 enacts a nonrefundable income tax credit for a pass-through entity engaging in
15	manufacturing or oil and gas pipeline and related structure construction in a foreign
16	country.
17	Money Appropriated in this Bill:
18	None
19	Other Special Clauses:
20	This bill provides a special effective date.
21	Utah Code Sections Affected:
22	ENACTS:
23	59-10-1036 , Utah Code Annotated 1953
24	
25	Be it enacted by the Legislature of the state of Utah:
26	Section 1. Section 59-10-1036 is enacted to read:
27	59-10-1036. Definitions Tax credit for tax paid to a foreign country.



28	(1) As used in this section, "qualifying taxpayer" means a person that:
29	(a) is a resident pass-through entity taxpayer as that term is defined in Section
30	<u>59-10-1402;</u>
31	(b) earns taxable income through economic activities classified in one of the following
32	NAICS codes of the 2002 or 2007 North American Industry Classification System of the
33	federal Executive Office of the President, Office of Management and Budget:
34	(i) NAICS Code Section 33242, Metal Tank (Heavy Gauge) Manufacturing; or
35	(ii) NAICS Code Section 23712, Oil and Gas Pipeline and Related Structures
36	Construction; and
37	(c) pays income taxes to a foreign country.
38	(2) Except as provided in Subsection (4), a qualifying taxpayer may claim a
39	nonrefundable tax credit against the tax otherwise due under this chapter, equal to the amount
40	of the tax that is imposed:
41	(a) by a foreign country;
42	(b) on the qualifying taxpayer for the taxable year; and
43	(c) on income of the qualifying taxpayer:
44	(i) derived from sources within that foreign country; and
45	(ii) if that income is also subject to tax under this chapter.
46	(3) A qualifying taxpayer shall compute and claim the tax credit provided by this
47	section in accordance with rules made by the commission in accordance with Title 63G,
48	Chapter 3, Utah Administrative Rulemaking Act.
49	(4) (a) Subject to Subsection (4)(b), the qualifying taxpayer may carry forward, for a
50	period that does not exceed the next five taxable years, the amount of the tax credit that
51	exceeds the qualifying taxpayer's tax liability under this chapter for a taxable year.
52	(b) The application of the tax credit provided under this section may not operate to
53	reduce the tax payable under this chapter to an amount less than would have been payable were
54	the income from the foreign country disregarded.
55	(5) A qualifying taxpayer may not assign the tax credit provided for by this section to
56	another person.
57	Section 2. Effective date.
58	This bill takes effect on January 1, 2017.

Legislative Review Note Office of Legislative Research and General Counsel