

Representative Brad R. Wilson proposes the following substitute bill:

TAXATION OF FOREIGN INCOME AMENDMENTS

2016 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Brad R. Wilson

Senate Sponsor: _____

LONG TITLE

General Description:

This bill addresses adjustments to adjusted gross income.

Highlighted Provisions:

This bill:

► addresses adjustments to adjusted gross income for certain manufacturing entities that pay an income tax to a foreign country.

Money Appropriated in this Bill:

None

Other Special Clauses:

This bill provides a special effective date.

Utah Code Sections Affected:

AMENDS:

59-10-115, as last amended by Laws of Utah 2008, Chapters 382 and 389

ENACTS:

59-10-1036, Utah Code Annotated 1953

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

Section 1. Section **59-10-115** is amended to read:



26 **59-10-115. Adjustments to adjusted gross income.**

27 (1) As used in this section:

28 (a) "Net foreign source taxable income" means:

29 (i) the amount calculated on line 17 of Internal Revenue Code Form 1116, Foreign Tax
30 Credit; or

31 (ii) if, for purposes of federal individual income taxes the information contained on
32 line 17 of Form 1116 is reported on a line other than line 17 of Form 1116, a line of a federal
33 individual income tax form designated by the commission, by rule made in accordance with
34 Title 63G, Chapter 3, Utah Administrative Rulemaking Act, as being substantially similar to
35 line 17 of the 2015 version of Form 1116.

36 (b) "Pass-through entity taxpayer" means the same as that term is defined in Section
37 59-10-1402.

38 ~~[(+)]~~ (2) The commission shall allow an adjustment to adjusted gross income of a
39 resident or nonresident individual if the resident or nonresident individual would otherwise:

40 (a) receive a double tax benefit under this part; or

41 (b) suffer a double tax detriment under this part.

42 (3) For a pass-through entity taxpayer generating taxable income primarily from
43 establishments classified in Code Section 33242, Metal Tank (Heavy Gauge) Manufacturing,
44 of the 2002 or 2007 North American Industry Classification System of the federal Executive
45 Office of the President, Office of Management and Budget, an adjustment described in
46 Subsection (2) includes net foreign source taxable income generated from Metal Tank (Heavy
47 Gauge) Manufacturing establishments.

48 ~~[(2)]~~ (4) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking
49 Act, the commission may make rules to allow for the adjustment to adjusted gross income
50 required by Subsection ~~[(+)]~~ (2).

51 **Section 2. Effective date.**

52 This bill takes effect on January 1, 2017.