

AMENDMENTS TO INCOME TAX

2016 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Jim Dabakis

House Sponsor: _____

LONG TITLE

General Description:

This bill amends provisions related to income taxes.

Highlighted Provisions:

This bill:

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

Money Appropriated in this Bill:

None

Other Special Clauses:

This bill provides a special effective date.

Utah Code Sections Affected:

AMENDS:

- 59-10-104**, as last amended by Laws of Utah 2008, Chapter 389
- 59-10-116**, as last amended by Laws of Utah 2008, Chapters 382 and 389
- 59-10-201**, as last amended by Laws of Utah 2010, Chapter 6
- 59-10-205**, as last amended by Laws of Utah 2008, Chapter 389

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 (b)~~
34 ~~5%.~~] is:

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 \$57,500 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: (a)~~] as provided
46 in this section.

47 (b) For purposes of Subsection (1)(a), for a taxable year, if the nonresident individual's
48 state taxable income[; ~~and (b) percentage listed in Subsection [59-10-104\(2\)](#).~~] is:

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

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

52 (iii) greater than \$1,000,000, the tax is \$57,500 plus 7% of state taxable income greater
53 than \$1,000,000.

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

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

57 **59-10-201. Taxation of resident trusts and estates.**

58 (1) (a) Except as provided in Subsection (2), a tax [~~determined in accordance with the~~

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

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

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

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

66 (iii) greater than \$1,000,000, the tax is \$57,500 plus 7% of state taxable income greater
67 than \$1,000,000.

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

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

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

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

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

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

79 **59-10-205. Tax on nonresident estate or trust.**

80 (1) (a) Except as provided in Subsection (2), a tax is imposed on the state taxable
81 income of a nonresident estate or trust [in an amount equal to the product of: (a) the
82 nonresident estate's or trust's state taxable income as determined under Section 59-10-204; and
83 (b) the percentage listed in Subsection 59-10-104(2).] as provided in this section.

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

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

87 (ii) greater than \$250,000 but less than or equal to \$1,000,000, the tax is \$12,500 plus
88 6% of state taxable income greater than \$250,000; or

89 (iii) greater than \$1,000,000, the tax is \$57,500 plus 7% of state taxable income greater

90 than \$1,000,000.

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

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

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

95 Section 5. **Effective date.**

96 This bill takes effect for a taxable year beginning on or after January 1, 2017.

Legislative Review Note
Office of Legislative Research and General Counsel