

30 (2) the amount of any deduction taken on a corporation's federal return for taxes paid
31 by a corporation:

32 (a) to Utah for taxes imposed by this chapter; and

33 (b) to another state of the United States, a foreign country, a United States possession,
34 or the Commonwealth of Puerto Rico for taxes imposed for the privilege of doing business, or
35 exercising its corporate franchise, including income, franchise, corporate stock and business
36 and occupation taxes;

37 (3) the safe harbor lease adjustment required under Subsections 59-7-111(1)(a) and
38 (2)(a);

39 (4) capital losses that have been deducted on a Utah corporate return in previous years;

40 (5) any deduction on the federal return that has been previously deducted on the Utah
41 return;

42 (6) charitable contributions, to the extent deducted on the federal return when
43 determining federal taxable income;

44 (7) the amount of gain or loss determined under Section 59-7-114 relating to a target
45 corporation under Section 338, Internal Revenue Code, unless such gain or loss has already
46 been included in the unadjusted income of the target corporation;

47 (8) the amount of gain or loss determined under Section 59-7-115 relating to
48 corporations treated for federal purposes as having disposed of its assets under Section 336(e),
49 Internal Revenue Code, unless such gain or loss has already been included in the unadjusted
50 income of the target corporation;

51 (9) adjustments to gains, losses, depreciation expense, amortization expense, and
52 similar items due to a difference between basis for federal purposes and basis as computed
53 under Section 59-7-107;

54 (10) the amount withdrawn under Title 53B, Chapter 8a, Utah Educational Savings
55 Plan, from the account of a corporation that is an account owner as defined in Section
56 53B-8a-102, for the taxable year for which the amount is withdrawn, if that amount withdrawn
57 from the account of the corporation that is the account owner:

58 (a) is not expended for:
59 (i) higher education costs as defined in Section 53B-8a-102.5; or
60 (ii) a payment or distribution that qualifies as an exception to the additional tax for
61 distributions not used for educational expenses provided in Sections 529(c) and 530(d),
62 Internal Revenue Code; and
63 (b) is subtracted by the corporation:
64 (i) that is the account owner; and
65 (ii) in accordance with Subsection 59-7-106(1)(r);
66 (11) the amount of the deduction for dividends paid, as defined in Section 561, Internal
67 Revenue Code, that is allowed under Section 857(b)(2)(B), Internal Revenue Code, in
68 computing the taxable income of a captive real estate investment trust, if that captive real estate
69 investment trust is subject to federal income taxation; and
70 (12) any deduction on a return filed under this chapter for a royalty or other expense
71 ~~[paid to a captive insurance company] that a corporation pays to an entity related by common~~
72 ~~ownership for the use of an intangible asset where the intangible asset is owned by the [captive~~
73 ~~insurance company and used, in exchange for a royalty or other fee, by an entity related by~~
74 ~~common ownership to the captive insurance company.]~~ entity related by common ownership
75 unless the corporation can demonstrate to the satisfaction of the commission or a court on
76 judicial review in accordance with Section 59-1-602 or Title 63G, Chapter 4, Part 4, Judicial
77 Review, that:
78 (a) for the same taxable year, the entity related by common ownership is subject to
79 income taxes on the royalty or other expense:
80 (i) under this chapter;
81 (ii) under the laws of another state; or
82 (iii) by a foreign government that has in force an income tax treaty with the United
83 States; or
84 (b) if Subsection (12)(a) does not apply, the corporation paying the royalty or other
85 expenses never owned the intangible asset.

86 Section 2. **Retrospective operation.**

87 This bill has retrospective operation for a taxable year beginning on or after January 1,

88 2020.