

SOCIAL SECURITY TAX AMENDMENTS

2022 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Walt Brooks

Senate Sponsor: Don L. Ipson

LONG TITLE

General Description:

This bill modifies the individual income tax credit for social security benefits.

Highlighted Provisions:

This bill:

► expands eligibility for the social security benefits tax credit by increasing the thresholds for the income-based phaseout.

Money Appropriated in this Bill:

None

Other Special Clauses:

This bill provides retrospective operation.

Utah Code Sections Affected:

AMENDS:

59-10-1042, as enacted by Laws of Utah 2021, Chapter 428

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

Section 1. Section **59-10-1042** is amended to read:

59-10-1042. Nonrefundable tax credit for social security benefits.

(1) As used in this section:

(a) "Head of household filing status" means the same as that term is defined in Section **59-10-1018**.



28 (b) "Joint filing status" means the same as that term is defined in Section 59-10-1018.

29 (c) "Married filing separately status" means a married individual who:

30 (i) does not file a single federal individual income tax return jointly with that married
31 individual's spouse for the taxable year; and

32 (ii) files a single federal individual income tax return for the taxable year.

33 (d) "Modified adjusted gross income" means the sum of the following for a claimant
34 or, if the claimant's return under this chapter is allowed a joint filing status, the claimant and
35 the claimant's spouse:

36 (i) adjusted gross income for the taxable year for which a tax credit is claimed under
37 this section;

38 (ii) any interest income that is not included in adjusted gross income for the taxable
39 year described in Subsection (1)(d)(i); and

40 (iii) any addition to adjusted gross income required by Section 59-10-114 for the
41 taxable year described in Subsection (1)(d)(i).

42 (e) "Single filing status" means a single individual who files a single federal individual
43 income tax return for the taxable year.

44 (f) "Social security benefit" means an amount received by a claimant as a monthly
45 benefit in accordance with the Social Security Act, 42 U.S.C. Sec. 401 et seq.

46 (2) Except as provided in Section 59-10-1002.2 and Subsections (3) and (4), each
47 claimant on a return that receives a social security benefit may claim a nonrefundable tax credit
48 against taxes otherwise due under this part equal to the product of:

49 (a) the percentage listed in Subsection 59-10-104(2); and

50 (b) the claimant's social security benefit that is included in adjusted gross income on
51 the claimant's federal income tax return for the taxable year.

52 (3) (a) A claimant may not:

53 (i) carry forward or carry back the amount of a tax credit under this section that
54 exceeds the claimant's tax liability for the taxable year; or

55 (ii) claim a tax credit under this section and a tax credit under Section 59-10-1019.

56 (b) A claimant that qualifies for a tax credit under this section and a tax credit under
57 Section 59-10-1019 may elect whether to claim a tax credit under this section or a tax credit
58 under Section 59-10-1019.

59 (4) The tax credit allowed by Subsection (2) claimed on a return filed under this part
60 shall be reduced by \$.025 for each dollar by which modified adjusted gross income for
61 purposes of the return exceeds:

62 (a) for a federal individual income tax return that is allowed a married filing separately
63 status, [~~\$25,000~~] \$31,000;

64 (b) for a federal individual income tax return that is allowed a single filing status,
65 [~~\$30,000~~] \$37,000;

66 (c) for a federal individual income tax return that is allowed a head of household filing
67 status, [~~\$50,000~~] \$62,000; or

68 (d) for a return under this chapter that is allowed a joint filing status, [~~\$50,000~~]
69 \$62,000.

70 (5) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
71 commission may make rules governing the calculation and method for claiming the tax credit
72 described in this section.

73 Section 2. **Retrospective operation.**

74 This bill has retrospective operation for a taxable year beginning on or after January 1,
75 2022.