

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

**TAX REFUND AMENDMENTS**  
2024 GENERAL SESSION  
STATE OF UTAH  
**Chief Sponsor: Steve Eliason**  
Senate Sponsor: Daniel McCay

---

---

**LONG TITLE**

**General Description:**

This bill modifies provisions relating to tax refunds.

**Highlighted Provisions:**

This bill:

- ▶ limits the total amount of interest that may accrue each year on a tax overpayment, with certain exceptions; 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:

**59-1-402**, as last amended by Laws of Utah 2020, Chapter 294

---

---

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

Section 1. Section **59-1-402** is amended to read:

**59-1-402 . Definitions -- Interest.**

(1) As used in this section:

- (a) "Final judicial decision" means a final ruling by a court of this state or the United States for which the time for any further review or proceeding has expired.
- (b) "Retroactive application of a judicial decision" means the application of a final judicial decision that:
  - (i) invalidates a state or federal taxation statute; and
  - (ii) requires the state to provide a refund for an overpayment that was made:

- 29 (A) prior to the final judicial decision; or  
30 (B) during the 180-day period after the final judicial decision.
- 31 (c) (i) Except as provided in Subsection (1)(c)(ii), "tax, fee, or charge" means:  
32 (A) a tax, fee, or charge the commission administers under:  
33 (I) this title;  
34 (II) Title 10, Chapter 1, Part 3, Municipal Energy Sales and Use Tax Act;  
35 (III) Title 10, Chapter 1, Part 4, Municipal Telecommunications License Tax  
36 Act;  
37 (IV) Section 19-6-410.5;  
38 (V) Section 19-6-714;  
39 (VI) Section 19-6-805;  
40 (VII) Section 34A-2-202;  
41 (VIII) Section 40-6-14; or  
42 (IX) Title 69, Chapter 2, Part 4, Prepaid Wireless Telecommunications Service  
43 Charges; or  
44 (B) another amount that by statute is subject to interest imposed under this section.
- 45 (ii) "Tax, fee, or charge" does not include a tax, fee, or charge imposed under:  
46 (A) Title 41, Chapter 1a, Motor Vehicle Act, except for Section 41-1a-301;  
47 (B) Title 41, Chapter 3, Motor Vehicle Business Regulation Act;  
48 (C) Chapter 2, Property Tax Act, except for Section 59-2-1309;  
49 (D) Chapter 3, Tax Equivalent Property Act;  
50 (E) Chapter 4, Privilege Tax; or  
51 (F) Chapter 13, Part 5, Interstate Agreements.
- 52 (2) Except as otherwise provided for by law, the interest rate for a calendar year for a tax,  
53 fee, or charge administered by the commission shall be calculated based on the federal  
54 short-term rate determined by the Secretary of the Treasury under Section 6621, Internal  
55 Revenue Code, in effect for the preceding fourth calendar quarter.
- 56 (3) The interest rate calculation shall be as follows:  
57 (a) except as provided in Subsection (7), in the case of an overpayment or refund, simple  
58 interest shall be calculated at the rate of two percentage points above the federal  
59 short-term rate; or  
60 (b) in the case of an underpayment, deficiency, or delinquency, simple interest shall be  
61 calculated at the rate of two percentage points above the federal short-term rate.
- 62 (4) Notwithstanding Subsection (2) or (3), the interest rate applicable to certain installment

63 sales for purposes of a tax under Chapter 7, Corporate Franchise and Income Taxes,  
 64 shall be determined in accordance with Section 453A, Internal Revenue Code, as  
 65 provided in Section 59-7-112.

66 (5) (a) Except as provided in Subsection (5)(c), interest may not be allowed on an  
 67 overpayment of a tax, fee, or charge if the overpayment of the tax, fee, or charge is  
 68 refunded within:

69 (i) 45 days after the last date prescribed for filing the return with respect to a tax  
 70 under Chapter 7, Corporate Franchise and Income Taxes, or Chapter 10,  
 71 Individual Income Tax Act, if the return is filed electronically; or

72 (ii) 90 days after the last date prescribed for filing the return:

73 (A) with respect to a tax, fee, or charge, except for a tax under Chapter 7,  
 74 Corporate Franchise and Income Taxes, or Chapter 10, Individual Income Tax  
 75 Act; or

76 (B) if the return is not filed electronically.

77 (b) Except as provided in Subsection (5)(c), if the return is filed after the last date  
 78 prescribed for filing the return, interest may not be allowed on the overpayment if the  
 79 overpayment is refunded within:

80 (i) 45 days after the date the return is filed:

81 (A) with respect to a tax under Chapter 7, Corporate Franchise and Income Taxes,  
 82 or Chapter 10, Individual Income Tax Act; and

83 (B) if the return is filed electronically; or

84 (ii) 90 days after the date the return is filed:

85 (A) with respect to a tax, fee, or charge, except for a tax under Chapter 7,  
 86 Corporate Franchise and Income Taxes, or Chapter 10, Individual Income Tax  
 87 Act; or

88 (B) if the return is not filed electronically.

89 (c) (i) ~~In the case of~~ Subject to Subsection (5)(d), for an amended return, interest on  
 90 an overpayment [shall be] is allowed for a time period:

91 ~~[(A) for a time period:]~~

92 ~~[(H)]~~ (A) that begins on the later of:

93 ~~[(Aa)]~~ (I) the date the original return was filed; or

94 ~~[(Bb)]~~ (II) the due date for filing the original return not including any  
 95 extensions for filing the original return; and

96 ~~[(H)]~~ (B) that ends on the date the commission receives the amended return~~[- and] .~~

97 ~~[(B) if the commission does not make a refund of an overpayment under this~~  
 98 ~~Subsection (5)(e):]~~

99 ~~[(F) if the amended return is]~~

100 (ii) For an amended return filed electronically with respect to a tax under Chapter 7,  
 101 Corporate Franchise and Income Taxes, or Chapter 10, Individual Income Tax  
 102 Act, [and is filed electronically,] interest on an overpayment is allowed if the  
 103 commission does not process a refund of the overpayment within a 45-day period  
 104 after the date the commission receives the amended return, for a time period:

105 ~~[(Aa)]~~ (A) that begins 46 days after the commission receives the amended return;  
 106 and

107 ~~[(Bb)]~~ (B) ~~[subject to Subsection (5)(e)(ii),]~~ that ends on the date that the  
 108 commission completes processing the refund of the overpayment~~[; or]~~ .

109 ~~[(ii) For purposes of Subsection (5)(c)(i)(B)(I)(Bb) or (5)(c)(i)(B)(II)(Bb), interest~~  
 110 ~~shall be calculated forward from the preparation date of the refund document to~~  
 111 ~~allow for processing.]~~

112 ~~[(H)]~~ (iii) ~~[if the amended return is with respect to a tax, fee, or charge except for a tax~~  
 113 ~~under Chapter 7, Corporate Franchise and Income Taxes, or Chapter 10,~~  
 114 ~~Individual Income Tax Act, or is not filed electronically,] For an amended return~~  
 115 ~~not filed electronically or with respect to any tax, fee, or charge not described in~~  
 116 ~~Subsection (5)(c)(ii), interest on an overpayment is allowed if the commission~~  
 117 ~~does not process a refund of the overpayment within a 90-day period after the date~~  
 118 ~~the commission receives the amended return, for a time period:~~

119 ~~[(Aa)]~~ (A) that begins 91 days after the commission receives the amended return;  
 120 and

121 ~~[(Bb)]~~ (B) ~~[subject to Subsection (5)(e)(ii),]~~ that ends on the date that the  
 122 commission completes processing the refund of the overpayment.

123 (d) (i) This Subsection (5)(d) applies to interest on an overpayment under Subsection  
 124 (5)(c)(i) in which:

125 (A) the amount of interest accruing on the overpayment on or after January 1,  
 126 2025, exceeds \$200 in any calendar year during the time period described in  
 127 Subsection (5)(c)(i); and

128 (B) the amount of the overpayment exceeds 30% of the taxpayer's total tax  
 129 liability as originally reported for the tax, fee, or charge to which the  
 130 overpayment applies during the time period described in Subsection (5)(c)(i).

- 131           (ii) This Subsection (5)(d) does not apply to:  
132                 (A) an overpayment provided to a federally-recognized tribe; or  
133                 (B) an overpayment resulting from commission error.
- 134           (iii) The annual interest rate imposed on an overpayment described in Subsection  
135                 (5)(d)(i) shall be calculated at the rate of two percentage points below the federal  
136                 short-term rate.
- 137           (iv) Notwithstanding Subsection (5)(d)(iii), for an overpayment described in  
138                 Subsection (5)(d)(i):  
139                 (A) the interest rate imposed on the overpayment shall be a rate of no less than 0%  
140                 and no more than 3%; and  
141                 (B) the amount of interest accruing in a calendar year for an overpayment may not  
142                 be less than \$200, unless the amount of interest that would have accrued during  
143                 the calendar year is less than \$200 when calculated using the interest rate  
144                 described in Subsection (3).
- 145   (6) Interest on any underpayment, deficiency, or delinquency of a tax, fee, or charge shall  
146         be computed from the time the original return is due, excluding any filing or payment  
147         extensions, to the date the payment is received.
- 148   (7) Interest on a refund relating to a tax, fee, or charge may not be paid on any overpayment  
149         that arises from a statute that is determined to be invalid under state or federal law or  
150         declared unconstitutional under the constitution of the United States or Utah if the basis  
151         for the refund is the retroactive application of a judicial decision upholding the claim of  
152         unconstitutionality or the invalidation of a statute.
- 153         Section 2. **Effective date.**  
154         This bill takes effect on January 1, 2025.