

Social Security Tax Revisions

2025 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Wayne A. Harper

LONG TITLE**General Description:**

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

Highlighted Provisions:

This bill:

- removes the income limitations on eligibility for the social security benefits tax credit; and
- makes technical changes.

Money Appropriated in this Bill:

None

Other Special Clauses:

This bill provides retrospective operation.

Utah Code Sections Affected:

AMENDS:

59-10-1042, as last amended by Laws of Utah 2023, Chapter 459

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[;], "social security benefit" means an amount received by a claimant as a monthly benefit in accordance with the Social Security Act, 42 U.S.C. Sec. 401 et seq.

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

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

~~[(c) "Married filing separately status" means a married individual who:]~~

~~[(i) does not file a single federal individual income tax return jointly with that married~~

~~individual's spouse for the taxable year; and]~~

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

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

34 [(i) adjusted gross income for the taxable year for which a tax credit is claimed
34a under
35 this section;]

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

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

40 [(e) "Single filing status" means a single individual who files a single federal individual
41 income tax return for the taxable year.]

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

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

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

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

52 (3) A claimant may not:

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

55 (b) claim a tax credit under this section for a taxable year if a tax credit under Section
56 59-10-1019 is claimed on the claimant's return for the same taxable year.

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

60 [(a) for a federal individual income tax return that is allowed a married filing separately
61 status, \$37,500;]

62 [(b) for a federal individual income tax return that is allowed a single filing status,
62a \$45,000;]

63 [(e) for a federal individual income tax return that is allowed a head of household filing
64 status, \$75,000; or]

65 [(d) for a return under this chapter that is allowed a joint filing status, \$75,000.]

66 [(5)] (4) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
67 commission may make rules governing the calculation and method for claiming the tax
68 credit described in this section.

69 Section 2. **Effective date.**

70 This bill takes effect on May 7, 2025.

71 Section 3. **Retrospective operation.**

72 This bill has retrospective operation for a taxable year beginning on or after
73 January 1, 2025.