

Mark A. Strong proposes the following substitute bill:

Income Tax Revisions

2025 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Kay J. Christofferson

Senate Sponsor:

LONG TITLE

General Description:

This bill amends income tax provisions.

Highlighted Provisions:

This bill:

- amends the corporate franchise and income tax rates;
- amends the individual income tax rate; and
- allows a taxpayer to claim the nonrefundable child tax credit for child dependents under one year old and up to five years old.

Money Appropriated in this Bill:

None

Other Special Clauses:

This bill provides retrospective operation.

Utah Code Sections Affected:

AMENDS:

59-7-104, as last amended by Laws of Utah 2024, Chapter 255

59-7-201, as last amended by Laws of Utah 2024, Chapter 255

59-10-104, as last amended by Laws of Utah 2024, Chapter 255

59-10-1047, as last amended by Laws of Utah 2024, Chapter 235

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

Section 1. Section **59-7-104** is amended to read:

59-7-104 . Tax -- Minimum tax.

- (1) Each domestic and foreign corporation, except a corporation that is exempt under Section 59-7-102, shall pay an annual tax to the state based on the corporation's Utah taxable income for the taxable year for the privilege of exercising the corporation's corporate franchise or for the privilege of doing business in the state.

(2) The tax shall be [4.55] 4.5% of a corporation's Utah taxable income.

(3) The minimum tax a corporation shall pay under this chapter is \$100.

Section 2. Section **59-7-201** is amended to read:

59-7-201 . Tax -- Minimum tax.

(1) There is imposed upon each corporation, except a corporation that is exempt under Section 59-7-102, a tax upon the corporation's Utah taxable income for the taxable year that is derived from sources within this state other than income for any period that the corporation is required to include in the corporation's tax base under Section 59-7-104.

(2) The tax imposed by Subsection (1) shall be [4.55] 4.5% of a corporation's Utah taxable income.

(3) In no case shall the tax be less than \$100.

Section 3. Section **59-10-104** is amended to read:

59-10-104 . Tax basis -- Tax rate -- Exemption.

(1) A tax is imposed on the state taxable income of a resident individual as provided in this section.

(2) For purposes of Subsection (1), for a taxable year, the tax is an amount equal to the product of:

(a) the resident individual's state taxable income for that taxable year; and

(b) [4.55] 4.5%.

(3) This section does not apply to a resident individual exempt from taxation under Section 59-10-104.1.

Section 4. Section **59-10-1047** is amended to read:

59-10-1047 . Nonrefundable child tax credit.

(1) As used in this section:

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

(b) "Head of household 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.

(d) "Modified adjusted gross income" means the sum of the following for a claimant or, if the claimant's federal individual income tax return is allowed a joint filing status, the claimant and the claimant's spouse:

- (i) adjusted gross income for the taxable year for which a tax credit is claimed under this section;
- (ii) any interest income that is not included in adjusted gross income for the taxable year described in Subsection (1)(d)(i); and
- (iii) any addition to adjusted gross income required by Section 59-10-114 for the taxable year described in Subsection (1)(d)(i).
- (e) "Qualifying child" means an individual:
- (i) with respect to whom the claimant is allowed to claim a tax credit under Section 24, Internal Revenue Code, on the claimant's federal individual income tax return for the taxable year; and
- (ii) who is ~~[at least one year old and younger than five]~~ under six years old on the last day of the claimant's taxable year.
- (f) "Single filing status" means a single individual who files a single federal individual income tax return for the taxable year.
- (2) Subject to ~~[Subsection]~~ Section 59-10-1002.2, a claimant may claim a nonrefundable tax credit of \$1,000 for each qualifying child.
- (3) A claimant may not carry forward or carry back the amount of the tax credit that exceeds the claimant's tax liability.
- (4) The tax credit allowed by Subsection (2) claimed on a return filed under this part shall be reduced by \$.10 for each dollar by which modified adjusted gross income for purposes of the return exceeds:
- (a) for a federal individual income tax return that is allowed a married filing separately status, \$27,000;
- (b) for a federal individual income tax return that is allowed a single filing status or head of household filing status, \$43,000; and
- (c) for a federal individual income tax return that is allowed a joint filing status, \$54,000.

Section 5. **Effective Date.**

This bill takes effect on May 7, 2025.

Section 6. **Retrospective operation.**

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