

Senator Curtis S. Bramble proposes the following substitute bill:

TAX WITHHOLDING AMENDMENTS

2024 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Bridger Bolinder

Senate Sponsor: Curtis S. Bramble

LONG TITLE

General Description:

This bill modifies requirements for tax withholding.

Highlighted Provisions:

This bill:

- ▶ provides penalty provisions that apply if a producer fails to file a form 1099 for mineral production tax withholding or fails to file the form 1099 on time;
- ▶ aligns the time periods for incurring penalties for failure to file or timely file an income tax withholding form with the time periods for incurring penalties for failure to file or timely file a mineral production tax withholding form;
- ▶ amends the percentage of the mineral production tax a producer withholds to align with the income tax rate;
- ▶ amends the information a producer is required to provide on a withholding return;
- ▶ provides the requirements for a producer to file a form 1099 with the State Tax Commission; and
- ▶ makes technical and conforming changes.

Money Appropriated in this Bill:

None

Other Special Clauses:



26 This bill provides a special effective date.

27 **Utah Code Sections Affected:**

28 AMENDS:

29 **59-1-401**, as last amended by Laws of Utah 2023, Chapter 471

30 **59-6-102**, as last amended by Laws of Utah 2008, Chapter 255

31 **59-6-103**, as last amended by Laws of Utah 2017, Chapter 226

32

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

34 Section 1. Section **59-1-401** is amended to read:

35 **59-1-401. Definitions -- Offenses and penalties -- Rulemaking authority -- Statute**
36 **of limitations -- Commission authority to waive, reduce, or compromise penalty or**
37 **interest.**

38 (1) As used in this section:

39 (a) "Tax, fee, or charge" means:

40 (i) a tax, fee, or charge the commission administers under:

41 (A) this title;

42 (B) Title 10, Chapter 1, Part 3, Municipal Energy Sales and Use Tax Act;

43 (C) Title 10, Chapter 1, Part 4, Municipal Telecommunications License Tax Act;

44 (D) Section **19-6-410.5**;

45 (E) Section **19-6-714**;

46 (F) Section **19-6-805**;

47 (G) Section **34A-2-202**;

48 (H) Section **40-6-14**; or

49 (I) Title 69, Chapter 2, Part 4, Prepaid Wireless Telecommunications Service Charges;

50 or

51 (ii) another amount that by statute is subject to a penalty imposed under this section.

52 (b) "Tax, fee, or charge" does not include a tax, fee, or charge imposed under:

53 (i) Title 41, Chapter 1a, Motor Vehicle Act, except for Section **41-1a-301**;

54 (ii) Title 41, Chapter 3, Motor Vehicle Business Regulation Act;

55 (iii) Chapter 2, Property Tax Act, except for Section **59-2-1309**;

56 (iv) Chapter 3, Tax Equivalent Property Act; or

- 57 (v) Chapter 4, Privilege Tax.
- 58 (2) (a) The due date for filing a return is:
- 59 (i) if the person filing the return is not allowed by law an extension of time for filing
- 60 the return, the day on which the return is due as provided by law; or
- 61 (ii) if the person filing the return is allowed by law an extension of time for filing the
- 62 return, the earlier of:
- 63 (A) the date the person files the return; or
- 64 (B) the last day of that extension of time as allowed by law.
- 65 (b) A penalty in the amount described in Subsection (2)(c) is imposed if a person files a
- 66 return after the due date described in Subsection (2)(a).
- 67 (c) For purposes of Subsection (2)(b), the penalty is an amount equal to the greater of:
- 68 (i) \$20; or
- 69 (ii) (A) 2% of the unpaid tax, fee, or charge due on the return if the return is filed no
- 70 later than five days after the due date described in Subsection (2)(a);
- 71 (B) 5% of the unpaid tax, fee, or charge due on the return if the return is filed more
- 72 than five days after the due date but no later than 15 days after the due date described in
- 73 Subsection (2)(a); or
- 74 (C) 10% of the unpaid tax, fee, or charge due on the return if the return is filed more
- 75 than 15 days after the due date described in Subsection (2)(a).
- 76 (d) This Subsection (2) does not apply to:
- 77 (i) an amended return; or
- 78 (ii) a return with no tax due.
- 79 (3) (a) Except as provided in Subsection (15), a person is subject to a penalty for
- 80 failure to pay a tax, fee, or charge if:
- 81 (i) the person files a return on or before the due date for filing a return described in
- 82 Subsection (2)(a), but fails to pay the tax, fee, or charge due on the return on or before that due
- 83 date;
- 84 (ii) the person:
- 85 (A) is subject to a penalty under Subsection (2)(b); and
- 86 (B) fails to pay the tax, fee, or charge due on a return within a 90-day period after the
- 87 due date for filing a return described in Subsection (2)(a);

88 (iii) (A) the person is subject to a penalty under Subsection (2)(b); and
89 (B) the commission estimates an amount of tax due for that person in accordance with
90 Subsection 59-1-1406(2);
91 (iv) the person:
92 (A) is mailed a notice of deficiency; and
93 (B) within a 30-day period after the day on which the notice of deficiency described in
94 Subsection (3)(a)(iv)(A) is mailed:
95 (I) does not file a petition for redetermination or a request for agency action; and
96 (II) fails to pay the tax, fee, or charge due on a return;
97 (v) (A) the commission:
98 (I) issues an order constituting final agency action resulting from a timely filed petition
99 for redetermination or a timely filed request for agency action; or
100 (II) is considered to have denied a request for reconsideration under Subsection
101 63G-4-302(3)(b) resulting from a timely filed petition for redetermination or a timely filed
102 request for agency action; and
103 (B) the person fails to pay the tax, fee, or charge due on a return within a 30-day period
104 after the date the commission:
105 (I) issues the order constituting final agency action described in Subsection
106 (3)(a)(v)(A)(I); or
107 (II) is considered to have denied the request for reconsideration described in
108 Subsection (3)(a)(v)(A)(II); or
109 (vi) the person fails to pay the tax, fee, or charge within a 30-day period after the date
110 of a final judicial decision resulting from a timely filed petition for judicial review.
111 (b) For purposes of Subsection (3)(a), the penalty is an amount equal to the greater of:
112 (i) \$20; or
113 (ii) (A) 2% of the unpaid tax, fee, or charge due on the return if the activated tax, fee,
114 or charge due on the return is paid no later than five days after the due date for filing a return
115 described in Subsection (2)(a);
116 (B) 5% of the unpaid tax, fee, or charge due on the return if the activated tax, fee, or
117 charge due on the return is paid more than five days after the due date for filing a return
118 described in Subsection (2)(a) but no later than 15 days after that due date; or

119 (C) 10% of the unpaid tax, fee, or charge due on the return if the activated tax, fee, or
120 charge due on the return is paid more than 15 days after the due date for filing a return
121 described in Subsection (2)(a).

122 (4) (a) In the case of any underpayment of estimated tax or quarterly installments
123 required by Sections 59-5-107, 59-5-207, 59-7-504, and 59-9-104, there shall be added a
124 penalty in an amount determined by applying the interest rate provided under Section 59-1-402
125 plus four percentage points to the amount of the underpayment for the period of the
126 underpayment.

127 (b) (i) For purposes of Subsection (4)(a), the amount of the underpayment shall be the
128 excess of the required installment over the amount, if any, of the installment paid on or before
129 the due date for the installment.

130 (ii) The period of the underpayment shall run from the due date for the installment to
131 whichever of the following dates is the earlier:

132 (A) the original due date of the tax return, without extensions, for the taxable year; or

133 (B) with respect to any portion of the underpayment, the date on which that portion is
134 paid.

135 (iii) For purposes of this Subsection (4), a payment of estimated tax shall be credited
136 against unpaid required installments in the order in which the installments are required to be
137 paid.

138 (5) (a) Notwithstanding Subsection (2) and except as provided in Subsection (6), a
139 person allowed by law an extension of time for filing a corporate franchise or income tax return
140 under Chapter 7, Corporate Franchise and Income Taxes, or an individual income tax return
141 under Chapter 10, Individual Income Tax Act, is subject to a penalty in the amount described in
142 Subsection (5)(b) if, on or before the day on which the return is due as provided by law, not
143 including the extension of time, the person fails to pay:

144 (i) for a person filing a corporate franchise or income tax return under Chapter 7,
145 Corporate Franchise and Income Taxes, the payment required by Subsection 59-7-507(1)(b); or

146 (ii) for a person filing an individual income tax return under Chapter 10, Individual
147 Income Tax Act, the payment required by Subsection 59-10-516(2).

148 (b) For purposes of Subsection (5)(a), the penalty per month during the period of the
149 extension of time for filing the return is an amount equal to 2% of the tax due on the return,

150 unpaid as of the day on which the return is due as provided by law.

151 (6) If a person does not file a return within an extension of time allowed by Section
152 59-7-505 or 59-10-516, the person:

153 (a) is not subject to a penalty in the amount described in Subsection (5)(b); and

154 (b) is subject to a penalty in an amount equal to the sum of:

155 (i) a late file penalty in an amount equal to the greater of:

156 (A) \$20; or

157 (B) 10% of the tax due on the return, unpaid as of the day on which the return is due as

158 provided by law, not including the extension of time; and

159 (ii) a late pay penalty in an amount equal to the greater of:

160 (A) \$20; or

161 (B) 10% of the unpaid tax due on the return, unpaid as of the day on which the return is

162 due as provided by law, not including the extension of time.

163 (7) (a) Additional penalties for an underpayment of a tax, fee, or charge are as provided
164 in this Subsection (7)(a).

165 (i) Except as provided in Subsection (7)(c), if any portion of an underpayment of a tax,
166 fee, or charge is due to negligence, the penalty is 10% of the portion of the underpayment that
167 is due to negligence.

168 (ii) Except as provided in Subsection (7)(d), if any portion of an underpayment of a
169 tax, fee, or charge is due to intentional disregard of law or rule, the penalty is 15% of the entire
170 underpayment.

171 (iii) If any portion of an underpayment is due to an intent to evade a tax, fee, or charge,
172 the penalty is the greater of \$500 per period or 50% of the entire underpayment.

173 (iv) If any portion of an underpayment is due to fraud with intent to evade a tax, fee, or
174 charge, the penalty is the greater of \$500 per period or 100% of the entire underpayment.

175 (b) If the commission determines that a person is liable for a penalty imposed under
176 Subsection (7)(a)(ii), (iii), or (iv), the commission shall notify the person of the proposed
177 penalty.

178 (i) The notice of proposed penalty shall:

179 (A) set forth the basis of the assessment; and

180 (B) be mailed by certified mail, postage prepaid, to the person's last-known address.

181 (ii) Upon receipt of the notice of proposed penalty, the person against whom the
182 penalty is proposed may:

183 (A) pay the amount of the proposed penalty at the place and time stated in the notice;

184 or

185 (B) proceed in accordance with the review procedures of Subsection (7)(b)(iii).

186 (iii) A person against whom a penalty is proposed in accordance with this Subsection
187 (7) may contest the proposed penalty by filing a petition for an adjudicative proceeding with
188 the commission.

189 (iv) (A) If the commission determines that a person is liable for a penalty under this
190 Subsection (7), the commission shall assess the penalty and give notice and demand for
191 payment.

192 (B) The commission shall mail the notice and demand for payment described in
193 Subsection (7)(b)(iv)(A):

194 (I) to the person's last-known address; and

195 (II) in accordance with Section 59-1-1404.

196 (c) A seller that voluntarily collects a tax under Subsection 59-12-107(2)(d) is not
197 subject to the penalty under Subsection (7)(a)(i) if on or after July 1, 2001:

198 (i) a court of competent jurisdiction issues a final unappealable judgment or order
199 determining that:

200 (A) the seller meets one or more of the criteria described in Subsection 59-12-107(2)(a)
201 or is a seller required to pay or collect and remit sales and use taxes under Subsection
202 59-12-107(2)(b) or (2)(c); and

203 (B) the commission or a county, city, or town may require the seller to collect a tax
204 under Subsections 59-12-103(2)(a) through (e); or

205 (ii) the commission issues a final unappealable administrative order determining that:

206 (A) the seller meets one or more of the criteria described in Subsection 59-12-107(2)(a)
207 or is a seller required to pay or collect and remit sales and use taxes under Subsection
208 59-12-107(2)(b) or (2)(c); and

209 (B) the commission or a county, city, or town may require the seller to collect a tax
210 under Subsections 59-12-103(2)(a) through (e).

211 (d) A seller that voluntarily collects a tax under Subsection 59-12-107(2)(d) is not

212 subject to the penalty under Subsection (7)(a)(ii) if:

213 (i) (A) a court of competent jurisdiction issues a final unappealable judgment or order
214 determining that:

215 (I) the seller meets one or more of the criteria described in Subsection 59-12-107(2)(a)
216 or is a seller required to pay or collect and remit sales and use taxes under Subsection
217 59-12-107(2)(b) or (2)(c); and

218 (II) the commission or a county, city, or town may require the seller to collect a tax
219 under Subsections 59-12-103(2)(a) through (e); or

220 (B) the commission issues a final unappealable administrative order determining that:

221 (I) the seller meets one or more of the criteria described in Subsection 59-12-107(2)(a)
222 or is a seller required to pay or collect and remit sales and use taxes under Subsection
223 59-12-107(2)(b) or (2)(c); and

224 (II) the commission or a county, city, or town may require the seller to collect a tax
225 under Subsections 59-12-103(2)(a) through (e); and

226 (ii) the seller's intentional disregard of law or rule is warranted by existing law or by a
227 nonfrivolous argument for the extension, modification, or reversal of existing law or the
228 establishment of new law.

229 (8) (a) Subject to Subsections (8)(b) and (c), the penalty for failure to file an
230 information return, information report, or a complete supporting schedule is \$50 for each
231 information return, information report, or supporting schedule up to a maximum of \$1,000.

232 (b) If an employer is subject to a penalty under Subsection (13), the employer may not
233 be subject to a penalty under Subsection (8)(a).

234 (c) If an employer is subject to a penalty under this Subsection (8) for failure to file a
235 return in accordance with Subsection 59-10-406(3) on or before the due date described in
236 Subsection 59-10-406(3)(b)(ii), the commission may not impose a penalty under this
237 Subsection (8) unless the return is filed more than 14 days after the due date described in
238 Subsection 59-10-406(3)(b)(ii).

239 (9) If a person, in furtherance of a frivolous position, has a prima facie intent to delay
240 or impede administration of a law relating to a tax, fee, or charge and files a purported return
241 that fails to contain information from which the correctness of reported tax, fee, or charge
242 liability can be determined or that clearly indicates that the tax, fee, or charge liability shown is

243 substantially incorrect, the penalty is \$500.

244 (10) (a) A seller that fails to remit a tax, fee, or charge monthly as required by
245 Subsection 59-12-108(1)(a):

246 (i) is subject to a penalty described in Subsection (2); and

247 (ii) may not retain the percentage of sales and use taxes that would otherwise be
248 allowable under Subsection 59-12-108(2).

249 (b) A seller that fails to remit a tax, fee, or charge by electronic funds transfer as
250 required by Subsection 59-12-108(1)(a)(ii)(B):

251 (i) is subject to a penalty described in Subsection (2); and

252 (ii) may not retain the percentage of sales and use taxes that would otherwise be
253 allowable under Subsection 59-12-108(2).

254 (11) (a) A person is subject to the penalty provided in Subsection (11)(c) if that person:

255 (i) commits an act described in Subsection (11)(b) with respect to one or more of the
256 following documents:

257 (A) a return;

258 (B) an affidavit;

259 (C) a claim; or

260 (D) a document similar to Subsections (11)(a)(i)(A) through (C);

261 (ii) knows or has reason to believe that the document described in Subsection (11)(a)(i)
262 will be used in connection with any material matter administered by the commission; and

263 (iii) knows that the document described in Subsection (11)(a)(i), if used in connection
264 with any material matter administered by the commission, would result in an understatement of
265 another person's liability for a tax, fee, or charge.

266 (b) The following acts apply to Subsection (11)(a)(i):

267 (i) preparing any portion of a document described in Subsection (11)(a)(i);

268 (ii) presenting any portion of a document described in Subsection (11)(a)(i);

269 (iii) procuring any portion of a document described in Subsection (11)(a)(i);

270 (iv) advising in the preparation or presentation of any portion of a document described
271 in Subsection (11)(a)(i);

272 (v) aiding in the preparation or presentation of any portion of a document described in
273 Subsection (11)(a)(i);

274 (vi) assisting in the preparation or presentation of any portion of a document described
275 in Subsection (11)(a)(i); or

276 (vii) counseling in the preparation or presentation of any portion of a document
277 described in Subsection (11)(a)(i).

278 (c) For purposes of Subsection (11)(a), the penalty:

279 (i) shall be imposed by the commission;

280 (ii) is \$500 for each document described in Subsection (11)(a)(i) with respect to which
281 the person described in Subsection (11)(a) meets the requirements of Subsection (11)(a); and

282 (iii) is in addition to any other penalty provided by law.

283 (d) The commission may seek a court order to enjoin a person from engaging in
284 conduct that is subject to a penalty under this Subsection (11).

285 (e) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, the
286 commission may make rules prescribing the documents that are similar to Subsections
287 (11)(a)(i)(A) through (C).

288 (12) (a) As provided in Section 76-8-1101, criminal offenses and penalties are as
289 provided in Subsections (12)(b) through (e).

290 (b) (i) A person who is required by this title or any laws the commission administers or
291 regulates to register with or obtain a license or permit from the commission, who operates
292 without having registered or secured a license or permit, or who operates when the registration,
293 license, or permit is expired or not current, is guilty of a class B misdemeanor.

294 (ii) Notwithstanding Section 76-3-301, for purposes of Subsection (12)(b)(i), the
295 penalty may not:

296 (A) be less than \$500; or

297 (B) exceed \$1,000.

298 (c) (i) With respect to a tax, fee, or charge, a person who knowingly and intentionally,
299 and without a reasonable good faith basis, fails to make, render, sign, or verify a return within
300 the time required by law or to supply information within the time required by law, or who
301 makes, renders, signs, or verifies a false or fraudulent return or statement, or who supplies false
302 or fraudulent information, is guilty of a third degree felony.

303 (ii) Notwithstanding Section 76-3-301, for purposes of Subsection (12)(c)(i), the
304 penalty may not:

305 (A) be less than \$1,000; or

306 (B) exceed \$5,000.

307 (d) (i) A person who intentionally or willfully attempts to evade or defeat a tax, fee, or
308 charge or the payment of a tax, fee, or charge is, in addition to other penalties provided by law,
309 guilty of a second degree felony.

310 (ii) Notwithstanding Section 76-3-301, for purposes of Subsection (12)(d)(i), the
311 penalty may not:

312 (A) be less than \$1,500; or

313 (B) exceed \$25,000.

314 (e) (i) A person is guilty of a second degree felony if that person commits an act:

315 (A) described in Subsection (12)(e)(ii) with respect to one or more of the following
316 documents:

317 (I) a return;

318 (II) an affidavit;

319 (III) a claim; or

320 (IV) a document similar to Subsections (12)(e)(i)(A)(I) through (III); and

321 (B) subject to Subsection (12)(e)(iii), with knowledge that the document described in
322 Subsection (12)(e)(i)(A):

323 (I) is false or fraudulent as to any material matter; and

324 (II) could be used in connection with any material matter administered by the
325 commission.

326 (ii) The following acts apply to Subsection (12)(e)(i):

327 (A) preparing any portion of a document described in Subsection (12)(e)(i)(A);

328 (B) presenting any portion of a document described in Subsection (12)(e)(i)(A);

329 (C) procuring any portion of a document described in Subsection (12)(e)(i)(A);

330 (D) advising in the preparation or presentation of any portion of a document described
331 in Subsection (12)(e)(i)(A);

332 (E) aiding in the preparation or presentation of any portion of a document described in
333 Subsection (12)(e)(i)(A);

334 (F) assisting in the preparation or presentation of any portion of a document described
335 in Subsection (12)(e)(i)(A); or

336 (G) counseling in the preparation or presentation of any portion of a document
337 described in Subsection (12)(e)(i)(A).

338 (iii) This Subsection (12)(e) applies:

339 (A) regardless of whether the person for which the document described in Subsection
340 (12)(e)(i)(A) is prepared or presented:

341 (I) knew of the falsity of the document described in Subsection (12)(e)(i)(A); or
342 (II) consented to the falsity of the document described in Subsection (12)(e)(i)(A); and
343 (B) in addition to any other penalty provided by law.

344 (iv) Notwithstanding Section 76-3-301, for purposes of this Subsection (12)(e), the
345 penalty may not:

346 (A) be less than \$1,500; or
347 (B) exceed \$25,000.

348 (v) The commission may seek a court order to enjoin a person from engaging in
349 conduct that is subject to a penalty under this Subsection (12)(e).

350 (vi) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act,
351 the commission may make rules prescribing the documents that are similar to Subsections
352 (12)(e)(i)(A)(I) through (III).

353 (f) The statute of limitations for prosecution for a violation of this Subsection (12) is
354 the later of six years:

355 (i) from the date the tax should have been remitted; or
356 (ii) after the day on which the person commits the criminal offense.

357 (13) (a) [~~Subject to Subsection (13)(b), an~~] An employer that is required to file a form
358 with the commission in accordance with Subsection 59-10-406(8) or (9) is subject to a penalty
359 described in Subsection (13)(b) if the employer:

360 (i) fails to file the form with the commission in an electronic format approved by the
361 commission as required by Subsection 59-10-406(8) or (9);
362 (ii) fails to file the form on or before the due date provided in Subsection 59-10-406(8)
363 or (9);
364 (iii) fails to provide accurate information on the form; or
365 (iv) fails to provide all of the information required by the Internal Revenue Service to
366 be contained on the form.

- 367 (b) For purposes of Subsection (13)(a), the penalty is:
- 368 (i) \$30 per form, not to exceed \$75,000 in a calendar year, if the employer files the
- 369 form in accordance with Subsection [59-10-406\(8\)](#) or (9), more than 14 days [~~after the due date~~
- 370 ~~provided in Subsection [59-10-406\(8\)](#) or (9)~~], but no later than ~~[30]~~ 60 days₂ after the due date
- 371 provided in Subsection [59-10-406\(8\)](#) or (9);
- 372 (ii) \$60 per form, not to exceed \$200,000 in a calendar year, if the employer files the
- 373 form in accordance with Subsection [59-10-406\(8\)](#) or (9), more than ~~[30]~~ 60 days after the due
- 374 date provided in Subsection [59-10-406\(8\)](#) or (9) but on or before June 1; or
- 375 (iii) \$100 per form, not to exceed \$500,000 in a calendar year, if the employer:
- 376 (A) files the form in accordance with Subsection [59-10-406\(8\)](#) or (9) after June 1; or
- 377 (B) fails to file the form.
- 378 (c) A producer that is required to file a form with the commission in accordance with
- 379 Subsection [59-6-103\(3\)](#) is subject to a penalty described in Subsection (13)(d) if the producer:
- 380 (i) fails to file the form with the commission in the format approved by the commission
- 381 as required by Subsection [59-6-103\(3\)](#);
- 382 (ii) fails to file the form on or before the due date provided in Subsection [59-6-103\(3\)](#);
- 383 (iii) fails to provide accurate information on the form; or
- 384 (iv) fails to provide all of the information required by the Internal Revenue Service to
- 385 be contained on the form.
- 386 (d) For purposes of Subsection (13)(c), the penalty is:
- 387 (i) \$30 per form, not to exceed \$75,000 in a calendar year, if the producer files the
- 388 form in accordance with Subsection [59-6-103\(3\)](#), more than 14 days, but no later than 60 days,
- 389 after the due date provided in Subsection [59-6-103\(3\)](#);
- 390 (ii) \$60 per form, not to exceed \$200,000 in a calendar year, if the producer files the
- 391 form in accordance with Subsection [59-6-103\(3\)](#), more than 60 days after the due date provided
- 392 in Subsection [59-6-103\(3\)](#) but on or before June 1; or
- 393 (iii) \$100 per form, not to exceed \$500,000 in a calendar year, if the producer:
- 394 (A) files the form in accordance with Subsection [59-6-103\(3\)](#) after June 1; or
- 395 (B) fails to file the form.
- 396 (14) Upon making a record of the commission's actions, and upon reasonable cause
- 397 shown, the commission may waive, reduce, or compromise any of the penalties or interest

398 imposed under this part.

399 (15) Failure to pay a tax described in Subsection 59-10-1403.2(2) shall be subject to a
400 penalty as described in Subsection (3) except that the penalty shall be:

401 (a) assessed only if the pass-through entity reports tax paid on a Utah Schedule K-1 but
402 does not pay some or all of the tax reported; and

403 (b) calculated based on the difference between the amount of tax reported and the
404 amount of tax paid.

405 Section 2. Section 59-6-102 is amended to read:

406 **59-6-102. Producer's obligation to deduct and withhold payments -- Amount --**
407 **Exempt payments -- Credit against tax.**

408 (1) Except as provided in Subsection (2), each producer shall deduct and withhold
409 from each payment being made to any person in respect to production of minerals in this state,
410 but not including that to which the producer is entitled, an amount equal to [~~5% of~~] the product
411 of:

412 (a) the amount [~~which~~] that would have otherwise been payable to the person entitled
413 to the payment; and

414 (b) the percentage listed in Subsection 59-10-104(2)(b).

415 (2) The obligation to deduct and withhold from payments as provided in Subsection (1)
416 does not apply to those payments [~~which~~] that are payable to:

417 (a) the United States, this state, or an agency or political subdivision of the United
418 States or this state;

419 (b) an organization that is exempt from the taxes imposed by Chapter 7, Corporate
420 Franchise and Income Taxes, in accordance with Subsection 59-7-102(1)(a);

421 (c) an Indian or Indian tribe if the amounts accruing are subject to the supervision of
422 the United States or an agency of the United States; or

423 (d) a business entity that files an exemption certificate in accordance with Section
424 59-6-102.1.

425 (3) A claimant, estate, or trust that files a tax return with the commission may claim a
426 refundable tax credit against the tax reflected on the tax return for the amount withheld by the
427 producer under Subsection (1).

428 Section 3. Section 59-6-103 is amended to read:

429 **59-6-103. Returns and payments required of producers.**

430 (1) (a) Subject to Subsection (1)(b), a producer required to deduct and withhold an
431 amount under this chapter shall file a withholding return with the commission:

432 (i) for the amounts required to be deducted and withheld under this chapter during the
433 preceding calendar quarter; ~~and~~

434 (ii) in an electronic format ~~[prescribed]~~ approved by the commission~~[-]; and~~

435 (iii) that contains any information the commission requires.

436 (b) A withholding return described in Subsection (1)(a) is due on or before the last day
437 of April, July, October, and January.

438 (c) (i) Each producer shall file an annual return containing the information that the
439 commission requires.

440 (ii) The producer shall file the annual return:

441 (A) in an electronic format approved by the commission; and

442 (B) on or before January 31 of the year following that for which the return is made.

443 ~~[(c) A withholding return described in Subsection (1)(a) shall contain:]~~

444 ~~[(i) the name and address of each person receiving a payment subject to the deduction~~
445 ~~and withholding requirements of this chapter for the calendar quarter for which the withholding~~
446 ~~return is filed;]~~

447 ~~[(ii) for each person described in Subsection (1)(c)(i), the amount of payment the~~
448 ~~person would have received from the production of minerals by the producer had the deduction~~
449 ~~and withholding required by this chapter not been made for the calendar quarter for which the~~
450 ~~withholding return is filed;]~~

451 ~~[(iii) for each person described in Subsection (1)(c)(i), the amount of deduction and~~
452 ~~withholding under this chapter for the calendar quarter for which the withholding return is~~
453 ~~filed;]~~

454 ~~[(iv) the name or description of the property from which the production of minerals~~
455 ~~occurs that results in a payment subject to deduction and withholding under this chapter; and]~~

456 ~~[(v) for each person described in Subsection (1)(c)(i), the interest of the person in the~~
457 ~~production of minerals that results in a payment subject to deduction and withholding under~~
458 ~~this chapter.]~~

459 (2) (a) If a producer receives an exemption certificate filed in accordance with Section

460 59-6-102.1 from a business entity, the producer shall file a withholding return with the
461 commission:

462 (i) ~~[on a form prescribed]~~ in a format approved by the commission; and
463 (ii) on or before the January 31 following the last day of the taxable year for which the
464 producer receives the exemption certificate from the business entity.

465 (b) The withholding return required by Subsection (2)(a) shall contain:

466 (i) the name and address of the business entity that files the exemption certificate in
467 accordance with Section 59-6-102.1;

468 (ii) the amount of the payment made by the producer to the business entity that would
469 have been subject to deduction and withholding under this chapter had the business entity not
470 filed the exemption certificate in accordance with Section 59-6-102.1;

471 (iii) the name or description of the property from which the production of minerals
472 occurs that would have resulted in a payment subject to deduction and withholding under this
473 chapter had the business entity not filed the exemption certificate in accordance with Section
474 59-6-102.1; and

475 (iv) the interest of the business entity in the production of minerals that would have
476 resulted in a payment subject to deduction and withholding under this chapter had the business
477 entity not filed the exemption certificate in accordance with Section 59-6-102.1.

478 (3) (a) Subject to Subsections (3)(b) and (c), the commission shall require a producer
479 that issues the following forms for a taxable year to file the forms with the commission in an
480 electronic format approved by the commission:

481 (i) a federal Form 1099 filed for purposes of withholding under Section 59-6-103; or

482 (ii) a federal form substantially similar to a form described in Subsection (3)(a)(i) if
483 designated by the commission in accordance with Subsection (3)(d).

484 (b) A producer that is required to file a form with the commission in accordance with
485 Subsection (3)(a) shall file the form on or before January 31.

486 (c) A producer that is required to file a form with the commission in accordance with
487 Subsection (3)(a) shall provide:

488 (i) accurate information on the form; and

489 (ii) all of the information required by the Internal Revenue Service to be contained on
490 the form.

491 (d) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, for
492 purposes of Subsection (3)(a), the commission may designate a federal form as being
493 substantially similar to a form described in Subsection (3)(a)(i) if:

494 (i) for purposes of federal individual income taxes, a different federal form contains
495 substantially similar information to a form described in Subsection (3)(a)(i); or

496 (ii) the Internal Revenue Service replaces a form described in Subsection (3)(a)(i) with
497 a different federal form.

498 Section 4. **Effective date.**

499 (1) Except as provided in Subsection (2), this bill takes effect on January 1, 2025.

500 (2) The actions affecting Section [59-6-102](#) takes effect for a taxable year beginning on
501 or after January 1, 2025.