

SOCIAL SECURITY TAX CREDIT AMENDMENTS

2023 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Norman K Thurston

Senate Sponsor: _____

LONG TITLE

General Description:

This bill modifies income tax credit for social security benefits.

Highlighted Provisions:

This bill:

▶ establishes a limit on the amount of social security benefit that is eligible for the tax credit; and

▶ removes the income limitations on eligibility for the tax credit.

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 2022, Chapters 12, 258

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



28 59-10-1018.

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

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

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

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

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

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

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

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

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

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

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

51 ~~[(a)]~~ (i) the percentage listed in Subsection 59-10-104(2); and

52 (ii) subject to Subsection (2)(b), the claimant's social security benefit that is included in
53 adjusted gross income on the claimant's federal income tax return for the taxable year.

54 (b) ~~[the claimant's social security benefit that is included in adjusted gross income on
55 the claimant's federal income tax return for the taxable year.]~~ The amount of social security
56 benefit for which a credit may be claimed under this Subsection (2) may not exceed the
57 following dollar amounts per return:

58 (i) \$25,000 for a claimant filing under a married filing separately status;

59 (ii) \$30,000 for a claimant filing under a single filing status; or
60 (iii) \$50,000 for a claimant filing under a head of household filing status or a joint
61 filing status.

62 (3) A claimant may not:

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

65 (b) claim a tax credit under this section for a taxable year if a tax credit under Section
66 59-10-1019 is claimed on the claimant's return for the same taxable year.

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

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

72 ~~[(b) for a federal individual income tax return that is allowed a single filing status,~~
73 ~~\$37,000;]~~

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

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

77 ~~[(5)]~~ (4) In accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking
78 Act, the commission may make rules governing the calculation and method for claiming the tax
79 credit described in this section.

80 Section 2. **Retrospective operation.**

81 This bill has retrospective operation for a taxable year beginning on or after January 1,
82 2023.