

Withholding Tax

2007 Legislation Implementation

Senate Bills

2007 SB 5 Tax Penalty Amendments (§59-1-401)

Effective Date April 30, 2007

Summary This bill amends the penalty provisions for a failure to file a tax return to exempt the return from penalty if no tax is due on the tax return; and amends the mailing requirements for the notice of a criminal penalty to allow certified, instead of registered, mail; both of these changes reflect current Tax Commission practice.

2007 SB 74 Penalties Relating to Taxes, Fees, or Charges (§§59-1-401; 59-7-507; 59-10-516)

Effective Date April 30, 2007

Summary This bill modifies penalty provisions that apply to income, fiduciary, sales, corporate, and withholding taxes with respect to the failure to file a return, or pay a tax, fee, or charge due; effective the later of the date the GenTax¹ sales tax phase becomes effective or May 1, 2008 (for sales and income), and the later of the date the GenTax corporate and withholding phase becomes effective, or May 4, 2009 (for corporate and withholding), the penalties for failure to file, failure to pay, and failure to file a timely extension return are the greater of \$20 or: 2% of the unpaid liability if less than 5 days late, 5% of the unpaid liability if between 5 and 15 days late, and 10% of the unpaid liability if more than 15 days late; enacts uncodified language requiring the Utah Tax Review Commission to conduct a study on penalties relating to taxes, fees, or charges. (See Tax Commission Publication 58, Utah Interest and Penalties)

2007 SB 223

Effective Date January 1, 2008

Summary

- Beginning January 1, 2008, the Utah individual income tax rate changes to a single 5% rate.
- A 6% tax credit is allowed against the single rate tax for personal exemptions and the standard or itemized deduction claimed on the federal return. The tax credit, however, is phased-out as income increases over the following amounts:
- Single and married filing separately: \$12,000
- Head of household: \$18,000
- Married joint and surviving widow(er): \$24,000
- Consequently, the Utah withholding tax tables and schedules have been revised to reflect the interaction of the single rate tax and the variable tax credit. The withholding tax for 2008 will be calculated on "gross income" and then a credit will be applied for each withholding allowance. The credit will eventually be \$0 as income increases and eliminates the tax credit.
- See Publication 14, "Utah Withholding Tax Guide" for details of this new calculation.

¹GenTax is a new tax administration software system the Tax Commission is transitioning to.